

**FY 2003 BUREAU OF LAND
MANAGEMENT AND FOREST
SERVICE ENERGY AND MIN-
ERAL PROGRAM BUDGET**

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY AND
MINERAL RESOURCES

OF THE

COMMITTEE ON RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

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**OVERSIGHT HEARING ON “FISCAL YEAR 2003
BUREAU OF LAND MANAGEMENT AND
FOREST SERVICE ENERGY AND MINERAL
PROGRAM BUDGET”**

**Thursday, February 14, 2002
U.S. House of Representatives
Subcommittee on Energy and Mineral Resources
Committee on Resources
Washington, DC**

The Subcommittee met, pursuant to notice, at 10:06 a.m., in room 1310, Longworth House Office Building, Hon. Jim Gibbons [Vice Chairman of the Subcommittee] presiding.

**STATEMENT OF HON. JIM GIBBONS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEVADA**

Mr. GIBBONS. [Presiding] The Subcommittee on Energy and Mineral Resources will come together.

First of all, let me explain that we have just been notified we do have a vote. My intentions are to give the Chairman’s and Ranking Member’s opening statement and then allow for Mr. Hansen to introduce Ms. Kathleen Clarke from the Bureau of Land Management.

Mrs. Cubin is unable to be with us this morning because of a family health emergency, and she has asked me, as the Vice Chairman, to chair this Committee.

The Subcommittee meets today for our first hearing of the second session of the 107th Congress. Our topic is the review of the proposed energy and minerals program budget for the coming fiscal year for the two largest public land management agencies in the Federal Government, the Bureau of Land Management of the Department of Interior and the Forest Service of the Department of Agriculture.

Besides managing surface resources, the BLM administers the Federal mineral estate beneath the public lands, including national forests, and under private lands where the United States has reserved a mineral right in the patent, such as the Stockraising Homestead Act. This is a big job, no doubt about it, and requires strong leadership at the helm to ensure that public resources are utilized in a manner consistent with public trust and our Nation’s economic energy security.

The Subcommittee is fortunate to have the new Director of the BLM with us here today, giving what I believe will be her first testimony before a House of Representatives panel. Ms. Kathleen Clarke, who was confirmed by our colleagues in the other body a little less than 2 months ago, I believe, brings a strong background to this job as the former director of the Utah Department of Natural Resources and, of course, including staff assignments with our Full Committee Chairman, Mr. Jim Hansen, and Senator Robert F. Bennett of Utah, as well. In a minute, I will ask Mr. Hansen to formally introduce Ms. Clarke to the members of the Subcommittee.

President Bush has established a national energy policy, which includes a significant role for public lands and minerals. Together with Secretary Norton and her team at the Interior, Director Clarke's leadership will be tested as she seeks to steer the Agency in a new direction from that of her predecessors, but a change is necessary, and I trust Mrs. Clarke is able to implement that policy.

I believe the Fiscal Year 2003 budget of the President largely reflects these needs with respect to both the BLM and the Forest Service programs within our jurisdiction. The President has seen fit to increase the budgets for both renewable and nonrenewable energy programs on our public lands, including geothermal energy, an important component of energy in the State of Nevada.

We also have with us today Mr. Tom Thompson, Deputy Chief of the Forest Service. I want to welcome him here today, and he is here to testify about the minerals and geology program budget of his agency. The Forest Service technically does not "administer" the minerals beneath our feet, save for the so-called mineral materials, such as sand, gravel and stone. But this Agency is very much involved in the permitting process and access to Federally owned mineral resources within our national forests and grasslands.

Also, the Forest Service, by a Memorandum of Understanding with the BLM, does perform mining claim examination and otherwise manages the miners' access to hard-rock minerals beneath the national forests. As such, we should carefully review the programmatic budget of the Forest Service which will allow officials in our hinterlands to meet the important national energy policy goals outlined by the President and Congress.

In conclusion, let me say that perhaps even more important than money in the budget, is knowing that folks running the agencies are committed to seeing President Bush's plans and ideas put into action.

The Subcommittee looks forward to working with both Director Clark and Deputy Chief Thompson over the coming year to implement efforts to increase both renewable and nonrenewable forms of energy to find creative solutions for restoring the health of our domestic mining industry operating on the public lands of the West.

With that, let me turn to my Ranking Member, Mr. Kind, for any opening remarks that he may have at this time.

[The prepared statement of Mrs. Cubin follows:]

**Statement of The Honorable Barbara Cubin, Chairman,
Subcommittee on Energy and Mineral Resources**

The Subcommittee meets today for our first hearing of the second session of the 107th Congress. Our topic is the review of the proposed energy & minerals program

budgets for the coming fiscal year for the two largest public land management agencies in the Federal Government— the Bureau of Land Management of the Interior Department, and the Forest Service of the Department of Agriculture.

Besides managing surface resources, the BLM administers the Federal mineral estate beneath the public lands, including National Forests, and under private lands where the United States has reserved minerals in the patent, such as the Stockraising Homestead Act. This is a big job, no doubt about it, and requires strong leadership at the helm to ensure the public's resources are utilized in a manner consistent with public trust and our Nation's economic and energy security.

As such, I am pleased to have the new Director of the BLM here with us today, her first such testimony before a House of Representatives panel. Ms. Kathleen Clarke was confirmed by our colleagues in the other body at the very end of the first session, and has been in office only six weeks or so. But, Ms. Clarke brings a strong background to this job, as the former director of the Utah Department of Natural Resources, and staff assignments with our full committee chairman, Jim Hansen and Senator Robert F. Bennett of Utah as well. Secretary Gale Norton will finally have her complete team together—and none too soon—because President Bush has established a national energy policy which includes a significant role for public lands and minerals. And, because if lightning strikes the leadership of other body and they bring up and finish a comprehensive energy bill, we will be conferring legislative provisions in H.R. 4, the Save America's Future Energy Act of 2001, which emanated from this subcommittee's oversight last year and in previous Congresses. Ms. Clarke's leadership at the BLM will be critical toward achieving component goals of a sustainable national energy policy.

I believe the Fiscal Year 2003 budget of the President largely reflects these needs with respect to both the BLM and Forest Service programs within our jurisdiction.

We also have with us today Mr. Tom Thompson, Deputy Chief of the Forest Service, to testify about the minerals and geology program budget of his agency. The Forest Service technically does not "administer" the minerals beneath their feet (save for the so-called mineral materials such as sand, gravel and stone), but this agency is very much involved in the permitting access to the Federally owned mineral resources within our national forests and grasslands. As such, we should carefully review the programmatic budget of the Forest Service which will allow officials out in the hinterlands to meet important national energy policy goals outlined by the President and Congress.

Even more important than the money in the budget for such activities, however, is knowing that the folks running these agencies are committed to seeing President Bush's plans and ideas into action. I look forward to working with both Director Clarke and Deputy Chief Thompson over the coming year in seeing through the necessary implementation efforts for both renewable and nonrenewable forms of energy. Our country will be stronger for it. To quote President Bush, "Let's roll."

STATEMENT OF HON. RON KIND, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. KIND. Thank you, Mr. Chairman. I want to thank the witnesses for anticipated testimony and your presence here today. I think there is going to be a journal vote so we are going to be running off here in a few minutes to get over there.

I appreciate the opportunity of being able to have this hearing, looking into the budgets for the BLM and the Forest Service. These are very important budgets. Obviously, it is in the context of a national energy policy that we are trying to adopt right now in Congress. But as we meet today to hear testimony from the administration on the 2003 budget request for energy and minerals of the BLM and the Forest Service, it is important that we first step back from our narrow Subcommittee focus to look at the President's budget from a broader perspective.

We need to bear in mind that as we view these important budgets, the two before us today, part of his 2003 proposal, President Bush is proposing billions of dollars in taxpayer subsidies to energy companies, also, various policy initiatives that may threaten environmental safeguards in public lands and public health for

reducing environmental and enforcement funds and weakening the Nation's energy security through overreliance, I believe, on the development and exploration and production of more fossil fuels in the 21st century.

As noted by the Natural Resources Defense Council, the 2003 budget would slash overall spending for the Environmental and Natural Resources Department by a billion dollars or 3.4 percent in the next fiscal year alone, from \$29 billion to, roughly, \$28 billion.

When we review the BLM budget, we see that the President's 2003 budget assumes that Congress will authorize a lease sale in the Arctic National Wildlife Refuge. Now, given the debate that is existing in the Senate and the lack of bipartisan consensus on the issue and really a lack of public support for that, that appears to me to be a very big assumption to be making in the next fiscal year budget outlook.

Furthermore, even some in the oil and gas industry appear to be less than enthusiastic now, given market prices, at the prospect of paying huge sums of money to drill for oil in a frontier such as the Arctic National Wildlife Refuge.

For example, one of the big players in Alaska, British Petroleum Corporation, has scaled back its Alaska operations, instead, opting to focus its efforts on the reserves that exist right now and the current leases in the Gulf of Mexico. In fact, just last Sunday, BP's CEO stated on the CBS news program "60 Minutes" that there is certainly more oil in the deep waters of the Gulf of Mexico than exists in Alaska, according to their opinion. Given the advent of technology and the advancement in that area, he feels that it perhaps is even more economically feasible and more efficient to be drilling in that area, rather than opening up the Wildlife Refuge in Alaska.

Clearly, something must be done to cut America's reliance on foreign oil. The events of September 11th have intensified that belief. I think perhaps the greatest single foreign policy failure in the last quarter century is our inability as a country to wean ourselves from our dependence on fossil fuel and the importation of oil from very volatile regions.

However, even those who support increased domestic and oil gas production agree that development of alternative energy, such as geothermal, wind, solar, as well as other actions, must be a significant part of our national energy policy. Yet, as the BLM and Forest Service energy proposals illustrate, the Bush budget for 2003 fails to adopt that approach. Instead, it continues a dangerous and misguided reliance on the fossil fuels. For example, the BLM budget proposes doubling its geothermal budget, which may sound good, but it just goes from \$250,000 to \$700,000 per year. It is a good start in the right direction, I believe, but it is a paltry sum when compared to the BLM's oil and gas program, which would be increased by over \$85 million.

In addition, the Forest Service proposes a \$3.5-million boost just to increase the number of oil and gas lease operations in our national forests by roughly 1,000.

In sum, the President has proposed increases in these two areas to support his national energy policy, but that policy, and therefore

these budgets, rely, again, much too heavily on the development and the production of fossil fuels in this country. Investing in cleaner domestic sources of energy from renewable and alternative energy sources, increased energy efficiency, for instance, would provide greater national security than our overreliance in these areas.

I, again, thank the witnesses for your presence. I thank Mr. Gibbons for pinch-hitting for Ms. Cubin today, and we look forward to the hearing.

[The prepared statement of Mr. Kind follows:]

**Statement of The Honorable Ron Kind, Ranking Democrat,
Subcommittee on Energy and Mineral Resources**

As we meet today to hear testimony from the Administration on the Fiscal Year 2003 budget requests for the energy and minerals programs of the BLM and the Forest Service, it is important that we first step back from our more narrow Subcommittee focus to look at the President's budget from a broader perspective.

We need to bear in mind as we review these two budgets that as part of his Fiscal Year 2003 proposal, President Bush is proposing billions of dollars in taxpayer subsidies to energy companies, threatening the environment and public health by reducing environmental enforcement funds, and weakening the nation's energy security through over reliance on fossil fuels.

As noted by the Natural Resources Defense Council (NRDC Environment Watch: The Bush Record), the Fiscal Year 2003 budget would slash overall spending for environmental and natural resources departments by \$1 billion, or 3.4 percent, in Fiscal Year 2003—from \$29.3 billion to \$28.3 billion.

When we review the BLM budget, we see that the President's 2003 budget assumes that Congress will authorize a lease sale in the Arctic National Wildlife Refuge

At a time when there is little public support and no consensus in the other legislative body for opening ANWR to oil and gas development, this assumption makes no sense.

Further, even some in the oil and gas industry appear to be less than enthusiastic at the prospect of paying huge sums of money to drill for oil in frontier areas such as ANWR. For example, one of the big players in Alaska, the British Petroleum corporation, has scaled back its Alaska operations instead opting to focus its efforts in the Gulf of Mexico.

Just last Sunday, BP's CEO stated on the CBS news program, "60 Minutes," that there is certainly more oil in the deepwaters of the Gulf of Mexico than in Alaska.

Why then focus on drilling in America's last great wilderness when there are much larger reserves elsewhere?

Clearly, something must be done to cut America's reliance on foreign oil. The events of September 11 have intensified that belief.

However, even those who support increased domestic oil and gas production agree that development of alternative energies, such as geothermal, wind and solar, as well as other actions, must be a significant part of a national energy policy.

Yet, as the BLM and Forest Service energy proposals illustrate, the Bush budget for Fiscal Year 2003 fails to adopt that approach.

Instead, it continues a dangerous and misguided over reliance on fossil fuels. For example, the BLM budget proposes doubling its geothermal budget "going from \$350,000 to \$700,000 per year. A good start but a paltry sum when compared to the BLM's oil and gas program, which would be increased to \$85 million.

In addition, the Forest Service proposes a \$3.5 million boost just to increase the number of oil and gas lease operations in National Forests by 1000.

In sum, the President has proposed increases in these two areas to support his national energy policy. But, that policy, and therefore, these budgets, rely too heavily on fossil fuels. Investing in cleaner, domestic sources of energy from renewable resources and energy efficiency would provide greater national security than over reliance on oil and gas.

Mr. GIBBONS. Thank you, Mr. Kind.

While I know we have just but a few minutes before we run out of here, I would like to turn to Mr. Hansen of Utah to introduce Kathleen Clarke before we do break for a vote.

Mr. Hansen?

Mr. HANSEN. I thank you, Mr. Chairman.

Let me thank the witnesses for being here. It is always a pleasure to have Mr. Thompson of the Forest Service, and we have a new person from BLM, Kathleen Clarke, who is with us.

I know Kathleen very well because she worked for me for a while. She has a tremendous background. Did you go to the "Y" or the "U"? I can't recall what it was. I was hoping it was the "U," but it was probably the "Y," but anyway—

Ms. CLARKE. It was Utah State, Congressman.

Mr. HANSEN. Good. I hope so. And a few years in law school, and went to work for me in 1980 and did a super job for us. It was obvious that her talent was such that she would go to other places, and then she went to the State of Utah and worked for now-Judge Ted Stewart, who is a Federal judge, and then she became the first woman to be the head of the Department of Natural Resources in the State of Utah.

Kathleen is known for having the ability of bringing people together and doing a super job with solving tough problems. I have seen Kathleen in situations which people were screaming and bouncing off the walls, and her unflappable nature was able to bring people together.

So it has been a great pleasure to work with her over the years. I was thrilled when she was nominated to be the Director of BLM. As I don't know if a lot of our Western people realize that, but she has more control than most Governors do in the West right now, as there is a lot of acres out there. I don't say anything against the Forest Service, as they also seem to control it. I know your State and my State, our Governors have an infinitesimal part that they control compared to the Forest Service and BLM.

I think it is very fitting for the Bush administration to ask Kathleen to serve as Director of BLM. I understand she had no problem at all going through the Senate. It is great to see them do something for a change and just getting you through there was great because this is the do-nothing term for the U.S. Senate. So it is a pleasure to—

[Laughter.]

Mr. HANSEN. I am not kidding. You gentlemen know that. This is such a great pleasure for us to—

Mr. KIND. They did pass finance reform, though, Mr. Chairman.

[Laughter.]

Mr. HANSEN. —to have Kathleen here. Kathleen, I think you will find the Resources Committee and all our Subcommittees are always dedicated to getting to what a problem is, trying to solve it in a reasonable way, and we hope in a bipartisan way. So we welcome you and thank you for the great years of service you have put in for the State of Utah and now which we intend that you will put in for the U.S. Government. It is a great pleasure to have you with us today, and I thank you for being here.

Ms. CLARKE. Thank you.

Mr. GIBBONS. Thank you, Mr. Hansen.

Again, we welcome our witnesses. Ms. Clarke, that is very high praise coming from the Chairman of the Committee, and we look

forward to your testimony after we return from this vote. So we will adjourn subject to the call of the chair.

[Recess.]

Mr. GIBBONS. I call the Subcommittee back to order. At this point in time, we will turn to the testimony of our witnesses. I am not sure who has decided to lead off in this testimony, but I will turn, first, to the Director, then, Ms. Kathleen Clarke of the Bureau of Land Management.

Ms. Clarke?

STATEMENT OF KATHLEEN CLARKE, DIRECTOR, BUREAU OF LAND MANAGEMENT, U.S. DEPARTMENT OF THE INTERIOR, WASHINGTON, D.C.

Ms. CLARKE. Thank you very much, Mr. Chairman.

Mr. Chairman and members of the Committee, first of all, let me apologize for my voice this morning. I have some inside-the-Beltway bug that seems to be going around and around at the Department of Interior, and I apologize that I may be a bit gravely.

I appreciate the fact that I have our budget officer, Mr. Larry Benna, with me, as well as Erick Kaarlela, who is in charge of BLM's National Energy Office, to assist me in testimony if I lose my voice or if I am needing additional guidance.

Thank you.

It is really a privilege for me to be here. As you suggested, Mr. Chairman, this is my first official hearing before a Committee as the Director of the Bureau of Land Management. I am very privileged to serve for President Bush. We had a meeting with him last night with all of the political appointees, and he reminded us all that we are here to serve the people and that this Government will be of the people, and by the people, and for the people. His sense of values resonated so clearly with me that it was a privilege to hear him remind us of what we are about as public servants.

I am also very proud to be a member of Secretary Norton's team. I believe that she has assembled a group of dedicated professionals who will follow her in applying a philosophy of the four "C's," a philosophy that I intend to utilize in running the Bureau, and that is to use communication, cooperation and consultation in the service of conservation.

I intend to run the Bureau in a very open and inclusive way, respecting all points of view and interests, and engaging local communities in making decisions. I also want to assure you of my respect for the important role of this body in directing policy decisions that affect our Nation's resources.

I would like you to know that I am an enthusiastic supporter of FLPMA's multiple-use mandate for the BLM. Our opportunities and challenges at the BLM and every aspect of that mandate demand that we have balance in the things that we do. In particular, meeting our challenge to respond to critical energy needs of this country requires us to address those demands of growth and the imperative for conservation.

Our Federal lands are major sources of coal, gas, oil and renewable energy and provide networks for their efficient distribution. Through multiple use, we will address those needs, as well as the Nation's need for recreation, for areas of solitude that nurture our

spirits, for clean water and clean air. I am convinced that we can do all of these things and we will rise to the challenge.

The subject of this hearing is of great importance, as the BLM works to fulfill its critical responsibilities in implementing the President's national energy policy. That policy identifies a major role for public lands in meeting our Nation's energy needs—

[Ms. Clarke coughing.]

Ms. CLARKE. I am going to get through this.

Mr. GIBBONS. Ms. Clarke, if you would prefer, the Committee would receive your testimony, your written statement for the record, and you may summarize and keep as brief as possible. Because, let me say as a member of the Committee, that a gravely voice is absolutely appropriate for the mineral and energy Subcommittee.

Ms. CLARKE. That is good to hear. No voice is probably not.

Certainly, the BLM is producing some of the most significant energy resources for our country right now, thirty-five percent of our Nation's coal, 11-percent of our natural gas and 5-percent of its oil. These resources are critical to our Nation and, in fact, generate revenues, the highest revenues, \$2.2 billion in 2001, of any uses of our public lands.

In short, I think we have a major role to play and that the overall multiple use mission of the Bureau of Land Management relates directly to the quality of life of our country, and one piece of that quality of life is our ability to meet our own domestic energy needs.

The President's 2003 budget proposes \$1.88 billion for BLM. Inclusive in that is a request for \$10.2 million in additional funds for energy and mineral programs. This budget would provide, among other things, increased funding for environmentally responsible resource production, including oil and gas on the North Slope of Alaska, coalbed methane development, further efforts related to implementation of the Energy Policy and Conservation Act and the studies directed therein, rights-of-way processing, development of renewable energy resources, and implementation of the Department's Indian trust responsibilities.

In addition, we will continue a wide array of other minerals programs that are also important to our country's economy. An additional \$1.5 million has been requested for the BLM to enhance its oil and gas inspection and enforcement capabilities to ensure that public resources are protected.

We are also requesting an additional almost half-a-million dollars to identify ways to expedite the processing of drilling permits, with an emphasis right now on coalbed methane development.

We also need to continue the development and implementation of common oil and gas reclamation standards. We are requesting an additional half a million dollars for coal programs, in order to implement the President's national energy policy, by processing an additional four post-leasing actions, working to resolve conflicts between coalbed methane and coal development and expediting the processing of coal lease applications.

An additional \$350,000 in geothermal funding would be used to work with users to define barriers to its development, to identify opportunities for streamlining application processes and to make additional lands available for geothermal leasing.

The BLM will support the development of other renewable energy resources, soil, wind, hydropower and biomass, from the public lands. An additional \$300,000 will be used to address hydropower relicensing projects and another \$100,000 will be directed to activities related to wind energy.

The BLM also issues approximately 6,000 rights-of-way actions each year. It currently has a backlog of 1,700 applications, a majority of which are energy related. An additional \$1.6 million requested in 2003 would be used in part to reduce this backlog by processing 400 of those backlogged applications and approving rights-of-way for the growing West.

An additional \$3 million is included to address preplanning requirements for leasing and development in the National Petroleum Reserve-Alaska. These funds would cover new inspection and enforcement work, drilling permit processing and environmental resource protection.

The budget request also includes an additional \$4 million to update other high-priority land use critical plans so that we are able to make decisions that will meet the Nation's energy and mineral needs.

One million dollars would be used in 2003 for the agencies involved in the EPCA effort to conduct additional studies, to inventory all on-shore oil and gas reserves, and to assess any restrictions or impediments to the development of those resources.

As part of its Indian trust responsibilities, the BLM also provides energy and minerals technical assistance to individual Indians and tribes. An additional \$150,000 is requested in funding to address coal, technical assistance for tribes and an additional \$750,000 for oil and gas to carry out the national energy policy.

The budget maintains support of other key minerals programs, including those related to locatable minerals such as gold, copper and many industrial minerals that contribute to key sectors of our economy and, again, to quality of life. The focus on energy does not mean we will lose sight of other important programs at the Bureau.

Mr. Chairman, as you can see, the BLM anticipates a busy and productive effort for its energy and mineral programs. As we continue to promote an environmentally sound recovery of our Nation's mineral resources and boost renewable energy development on public lands, we look forward to working with this Committee, as well as the public, States, industries and our stakeholders.

I appreciate the opportunity to meet with you today to share these comments and would welcome your questions.

[The prepared statement of Ms. Clarke follows:]

**Statement of Kathleen Clarke, Director, Bureau of Land Management,
U.S. Department of the Interior**

Madam Chairman and Members of the Subcommittee, thank you for the opportunity to appear here today to discuss the Fiscal Year 2003 budget request for energy and minerals programs administered by the Bureau of Land Management (BLM). I am accompanied by Larry Benna, BLM's Budget Officer, and Erick Kaarlela, BLM's National Energy Office Director.

NATIONAL ENERGY POLICY IMPLEMENTATION

The subject of this hearing is of great importance as the BLM works to fulfill its critical responsibilities in implementing the President's National Energy Policy. That policy identifies a major role for public lands and resources in meeting our

nation's increasing energy needs. The BLM is a primary player in implementing the President's National Energy Policy goals of modernizing our energy infrastructure, increasing our energy supplies, and protecting the environment. The BLM also plays a major role in supporting the Secretary of the Interior's Indian Trust responsibilities as they relate to energy.

The Bureau is focusing its efforts on increasing domestic production of traditional energy resources, such as oil and gas and coal, as well as expanding our emphasis on development of renewable energy sources, such as geothermal, hydropower, wind, solar, and biomass. The BLM is currently working on more than 40 energy actions to implement the President's National Energy Policy. Taken together, these actions will help provide both short-term and long-term solutions to increasing energy supplies while protecting our natural environment.

BACKGROUND ON BLM'S ENERGY & MINERALS PROGRAMS

Today, the BLM manages the resources on about 262 million acres of public land, and more than 700 million acres of Federally-owned subsurface mineral estate. These energy and mineral resources are an important asset to the Nation, and generate the highest revenues of any of the uses of the public lands. In 2001, energy and minerals development generated \$2.2 billion through royalties, rents, bonuses, sales, and fees. The public lands produce 35 percent of the Nation's coal, 11 percent of its natural gas, and 5 percent of its oil. These lands also produce a large portion of the Nation's mineral materials, such as sand, gravel and stone. In 2001, the BLM administered 311 coal leases and over 50,000 oil and gas leases, of which approximately 21,000 oil and gas leases were producing. Federal geothermal resources produced over \$20 million of revenue and generated 630 megawatts of electric power last year. The public lands are also currently being used to produce energy from other renewable resources, such as wind and hydropower.

BLM'S PROPOSED FISCAL YEAR 2003 ENERGY & MINERALS BUDGET

The President's 2003 budget proposes \$1.9 billion for the BLM, including \$63 million for the government-wide legislative proposal to shift to agencies the full cost of the CSRS pension system and the Federal Employee Health Benefits Program for current employees. Without the legislative proposal, the 2003 BLM request totals \$1.8 billion. The BLM is requesting \$10.2 million in additional funds for the energy and mineral programs it manages. The BLM's 2003 energy and minerals budget request provides increased funding for environmentally-responsible resource production, including oil and gas on the North Slope of Alaska; coalbed methane development; implementation of the Energy Policy and Conservation Act (EPCA) study; right-of-way processing; development of renewable energy resources; and the Department's Indian Trust-related responsibilities. It also supports continued mining law administration, as well as coal development and other mineral resource production. The BLM's 2003 budget request also includes an additional \$3 million to update high priority land use plans critical to meeting the nation's energy and mineral needs.

Oil & Gas/Coalbed Methane—Oil and gas operations on Federal and Indian lands generate more than \$500 million in royalties each year, and in 2000, the Federal lands produced over 108 million barrels of oil and over 2.1 trillion cubic feet of natural gas. Consistent with the President's National Energy Policy, the BLM is enhancing its oil and gas inspection and enforcement capabilities to ensure that the public resources are protected, and an additional \$1.5 million has been requested for these programs for 2003.

Because of industry's interest in natural gas development, including coalbed methane, the BLM continues to experience a significant increase in requests for oil and gas leases and subsequently in drilling permit filings. In 2003, the BLM is requesting an additional \$496,000 to identify ways to expedite the process of approving drilling permits, with an emphasis on coalbed methane development; review Bureau policies and practices to facilitate development of coal and coalbed methane in areas of development conflict; and continue the development and implementation of common reclamation standards for oil and gas leases.

Coal—the United States today. Of all the coal consumed for electric generation in the United States, approximately one-third is mined from Federal land through coal leases issued by the BLM—much of which originates in the Powder River Basin in Wyoming and Montana.

With \$500,000 in additional funding for coal programs, the Bureau will work to implement the President's National Energy Policy. With this funding, the BLM will process four additional post-leasing actions. The BLM will also review current procedures, work to more effectively resolve the conflicts between coalbed methane and

coal development, expedite the processing of coal lease applications, and, if warranted, revise royalty rate guidelines.

Renewable Resources—The BLM currently administers 55 producing geothermal leases that generated over \$20 million in revenues in Fiscal Year 2001. An additional \$350,000 in geothermal funding will be used in 2003 to support the National Energy Policy by working with users to define development barriers and identify opportunities for streamlining the geothermal application process and making additional lands available for geothermal leasing.

The BLM will also support the development of other renewable energy resources—including solar, wind, hydropower, and biomass—from the public lands in 2003. An additional \$300,000 will be used to address hydropower relicensing projects, while another \$100,000 will be directed to activities related to wind energy development that will be addressed through cooperation with the Department of Energy's Renewable Energy Laboratory.

Rights-of-Way—Addressing national energy needs includes providing a means for transportation and transmission of energy supplies. The BLM issues approximately 6,000 right-of-way (ROW) actions each year, including 2,700 ROW grants and amendments. Currently, the BLM has a backlog of about 1,700 ROW applications, of which about 1,000 are needed to support energy development. Because of increased energy demand, the need for energy-related ROWs also will increase. An additional \$1.6 million requested in 2003 would be used, in part, to reduce the energy ROW backlog by 40 percent by processing 400 more energy applications.

Alaska's North Slope—The North Slope of Alaska is the nation's best prospect for substantial new oil and gas production, and the Bureau is working on 10 National Energy Policy actions that are specific to oil and gas development and production in that area. In the National Petroleum Reserve-Alaska (NPR-A), the BLM offered leases in 1999 that generated \$104 million in bids. Exploration in NPR-A is pioneering new technologies that minimize environmental impacts, and represent the cleanest operations in the world. In 2001, industry announced a major new discovery in the area that could be the largest in the United States in the last ten years. The BLM is continuing to pursue a biennial leasing strategy in the Northeast sector of NPR-A. The BLM also is pursuing the expansion of the area offered for lease to include the Northwest sector of NPR-A, and anticipates the completion of the Northwest NPR-A plan and EIS in 2003 and a first sale in 2004.

An additional \$3 million is included in the 2003 budget to address the pre-planning requirements and the coordination required between all involved agencies for leasing and development in NPR-A. Funds would cover new inspection and enforcement work, drilling permit processing, and BLM's partnership obligations with the Minerals Management Service. Additionally, these funds would cover monitoring of exploration activities, and protecting environmental, wildlife and subsistence resources.

Also, if Congress passes legislation that authorizes the leasing of oil and gas in a portion of the Arctic National Wildlife Refuge (ANWR), the BLM would be responsible for conducting lease sales and oversight of exploration and development. If legislation does not provide that existing NEPA analyses are sufficient, the BLM will work in coordination with the Fish and Wildlife Service to prepare a land activity plan and an accompanying Environmental Impact Statement (EIS). The BLM will be responsible for preparing operating and leasing regulations; developing stipulations to mitigate impacts; and conducting a tract delineation to determine the appropriate configuration for the lease sale.

Energy Policy & Conservation Act (EPCA) Study—The Energy Policy and Conservation Act Reauthorization of 2000 requires an inventory be completed of all on-shore oil and gas reserves and any restrictions or impediments to the development of those resources. The BLM, as lead agency of the EPCA study, is working closely with the Department of Energy, Forest Service, and U.S. Geological Survey to expedite the EPCA study in support of the National Energy Policy. The initial study focuses on five priority areas within the Rocky Mountains, and is expected to be completed by the end of April 2002. Once this initial study is completed, the BLM will initiate studies of other areas. The results of these studies will provide the Bureau with a better basis to ensure timely planning on Federal lands, allowing for the development of oil and gas resources with minimal restrictions while providing for sound environmental protection.

Indian Trust Responsibilities—As part of its Indian Trust responsibility, the BLM provides energy and minerals technical assistance to individual Indians and Tribes by conducting mineral resource evaluations; approving drilling permits, mining plans, and production plans; inspecting operations; and enforcing conditions of approval. An additional \$150,000 in funding is included in the Fiscal Year 2003 budget

to address coal technical assistance, and an additional \$750,000 is included for oil and gas activities to carry out the National Energy Policy.

CONCLUSION

Madam Chairman, as you can see, the BLM anticipates a busy and productive Fiscal Year 2003 for its energy and minerals programs. As we continue to promote the environmentally-sound recovery of the nation's mineral resources and boost renewable energy development on our public lands, we will continue to work with Members of this Subcommittee, as well as the public, states and industry.

Thank you for the opportunity to testify before you today. I welcome any questions the Subcommittee may have.

Mr. GIBBONS. Thank you, Ms. Clarke. We look forward to having your response to those questions as well.

We turn now to Mr. Thompson. Mr. Thompson, of course, is the Deputy Chief, I believe, of the Forest Service. Mr. Thompson, I am apologetic because I don't know how long you have been in this position, but we look forward to hearing your remarks.

The floor is yours.

STATEMENT OF TOM THOMPSON, DEPUTY CHIEF, FOREST SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Mr. THOMPSON. Thank you, Mr. Chairman, and thank you very much for inviting me here today to discuss our 2003 Minerals and Geology program.

I am pretty recent to Washington, D.C., as well. I have been here 4 months. I moved here from Denver, Colorado, where I have been the deputy regional forester for the last 12 years in the Rocky Mountain Region, and I have been with the Forest Service for 34 years.

Mr. GIBBONS. Well, I am not sure we should be congratulating you on moving to Washington, D.C., but congratulations on your promotion.

[Laughter.]

Mr. THOMPSON. With me today is Hank Kashdan. Hank is the director of Program and Budget Analysis for the Agency.

Today, I would like to briefly describe the Forest Service minerals and geology program and management and how we are using the available resources to implement the national energy policy.

The national forests and grasslands have historically provided substantial benefits to the public through both exploration, development and production of energy and mineral resources. A significant part of that has been the coal resources. In particular, recently, in the Powder River Basin in Wyoming, coal has been a very important resource in that part of the country and certainly has been a major part of this country's valuable energy resource.

Today, energy and minerals production from our national forest and grasslands continues to provide valuable and often overlooked benefits. This includes benefits to the environment, to the economy, rural community stability, and increased revenues. These benefits can be obtained in an environmentally sensitive manner and generally require only a small footprint on the land.

National forests contain a number of world-class mineral deposits. For example, the only platinum mine in the Western

Hemisphere lies within a national forest, on the Custer. An environmental benefit, not widely known, is that platinum produced from these national forest system lands is an essential component to catalytic converters. These converters, required in almost every gas-powered vehicle, are very important in reducing emissions and increasing the quality of air that we breathe.

About 3 years ago, the Forest Service conducted some analysis, economic analysis, which showed that, during the last 10 years, energy and minerals production from national forest system lands have sustained over 100,000 jobs annually, while the total value of all production is estimated to exceed \$25 billion. In addition, the Federal Government and states have shared in over \$2 billion in revenues collected from energy and minerals leasing on national forest system lands.

The minerals and geology program emphasizes maintaining sustainable forest resources, protecting watershed health, providing for public safety and managing significant geologic resources, while also providing for thorough and timely environmental review of proposed projects and monitoring inspection of ongoing projects.

In 2000 alone -- and we have a recent brochure called "Mineral Facts: Minerals on the National Forest," that was released last November. There are facts in there about the amount of coal, to put it in simpler terms than maybe tons, the amount of coal that we produced in Fiscal Year 2000 was about 750,000 rail cars and enough natural gas to heat 1,200,000 homes. This came from national forest system lands.

The major components of our program are the leasable minerals, oil, gas and coal. We also produced geothermal, hard-rock minerals from acquired lands, and certain other commodities specified in law.

Prior to leasing, we involve other agencies in public and environmental reviews to determine if leasing is acceptable and whether special measures are needed to protect the environment. If a lease is issued, we conduct very site-specific environmental analysis and closely monitor operations through the final reclamation of the site.

Another part of the program is our locatable minerals program. In Fiscal Year 2000, we produced over 529,000 ounces of gold, 10 million ounces of silver, 178 million pounds of copper, 94,000 ounces of platinum, large quantities of zinc, and molybdenum and other precious base and industrial minerals as well under the Mining Law of 1872.

The Forest Service reviews proposed operations in a timely manner to determine if mitigation measures are required to protect other values. If proposals involve large mines or sensitive settings, we ensure that Environmental Impact Statements are prepared and that proper mitigation measures are incorporated.

Another part of our program is the saleable minerals program. Produced in 2000 were 13 million tons of aggregate, 56,000 tons of gypsum and 4 million tons of limestone, large quantities of sand, gravel and other common-variety minerals.

These materials are usually made available to individuals, municipalities, Government agencies, nonprofit organizations at no charge or sold at appraised value or by competitive sale if they are used commercially. We also use large quantities of these materials

in construction and maintenance of public access and facilities on national forest system lands.

Another part of the program has to do with reserved and outstanding mineral rights which involve privately owned minerals underlying national forest system land. For reserved minerals, the Forest Service implements reserve mining regulations which are appended to conveyance deeds at the time of acquisition.

The geologic program or part of the component of the program involves acquiring and analyzing information on geologic conditions and hazards for purposes of forest planning, project design, public employee safety, managing the paleontological resources, caves and other significant geologic features.

During Fiscal Year 2003, we will inspect and monitor 15,000 energy and mineral operations varying from small basic prospecting activities to major mining developments. We will also complete environmental analyses and coordination with other agencies in processing almost 10,000 new proposed operations.

In each case, these numbers represent an increase of approximately 1,000 operations over what we will do this fiscal year. This additional work is made possible because of the President's Fiscal Year 2003 budget of \$56 million for our minerals and geology management program, and that includes \$5 million that will be committed to new energy operations to implement the national energy policy.

Of particular importance will be the development of the coalbed methane in the Rocky Mountain States. The long-term value of coalbed methane from national forest system land is potentially billions of dollars.

In response to the Executive Orders 13211 and 13212 and the national energy policy, the Forest Service developed, and Secretary Veneman approved, the Forest Service Energy Implementation Plan. The Forest Service plan assigned responsibilities for specific action items and examined all major energy resources of the national forest system land, including hydroelectric, fossil fuels, geothermal, biomass, and bioenergy and also considered infrastructure, research and technology transfer.

In an August 6th, 2001, follow-up memo to Forest Service line officers and staff, Chief Bosworth emphasized his commitment to complete implementation of this plan within the Forest Service. Of course, we know we're not alone. We work very closely with other Federal agencies, Indian tribes, State and local Governments, the public and other interested parties to meet our Nation's energy needs while protecting the environment.

Mr. Chairman, that completes my formal statement, and I will be glad to answer any questions.

[The prepared statement of Mr. Thompson follows:]

**Statement of Tom Thompson, Deputy Chief, Forest Service,
U.S. Department of Agriculture**

Madam Chairman, thank you for inviting me here today to discuss our 2003 minerals and geology program. I am Tom Thompson, Deputy Chief of the Forest Service. With me today is Hank Kashdan, Director of Program and Budget Analysis.

Today I would like to briefly describe the Forest Service Minerals and Geology Management program and how we are using available resources to implement the National Energy Policy.

The National Forests and Grasslands have historically provided substantial benefits to the public through exploration and production of energy and mineral resources—not the least of which have been the prodigious quantities of coal from the Powder River Basin in Wyoming. Coal began replacing wood as a primary fuel during the 1800's and early 1900's. This switch to using the concentrated energy found in coal allowed us to not only maintain, but to make significant improvements, in the many amenity values the public enjoys in our nation's forests today.

Today, energy and minerals production from our National Forests and Grasslands continues to provide valuable, but often overlooked benefits. This includes benefits to the environment, the economy, rural community stability, and increased revenues. These benefits are obtained in an environmentally sensitive manner and require only a relatively small, short-term footprint on the land.

National forests contain a number of world-class mineral deposits. For example, the only platinum mine in the western hemisphere lies within a national forest. An environmental benefit, not widely known, is that platinum, produced from NFS lands, is an essential component of catalytic converters. These converters, required in almost every gas-powered vehicle, are used to reduce harmful emissions and increase the quality of the air we breathe.

In Fiscal Year 2000 alone, as stated in "Mineral Facts—Minerals on National Forest System Lands," released in November 2001, coal that would fill 750,000 rail cars and enough natural gas to heat 1,200,000 homes came from national forest system lands.

About three years ago Forest Service economists conducted an analysis which showed that during the last 10 years, energy and minerals production from national forest system lands have sustained over 100,000 jobs annually while the total value of all production is estimated to exceed \$25 billion. In addition, the Federal Government and the States have shared in over \$2 billion in revenues collected from energy and minerals leasing on national forest system lands.

The minerals and geology program emphasizes maintaining sustainable forest resources, protecting watershed health, providing for public safety, and managing significant geologic resources while providing thorough and timely environmental review of proposed projects and monitoring and inspection of ongoing operations.

Major components of the program are:

- Leasable minerals—including oil and gas, coal, geothermal, hardrock minerals in acquired lands, and certain other commodities specified in law. Some minerals produced from NFS lands in Fiscal Year 2000 include:

- *Coal—79 million tons
- *Oil—8.3 million barrels
- *CO₂—12 billion cubic feet
- *Natural Gas—101 billion cubic feet

Prior to leasing, environmental reviews that involve the public and other agencies are completed to determine if leasing is acceptable and whether special measures are needed to protect the environment. After lease issuance, site-specific environmental analyses are completed, and operations from beginning through final reclamation of the site are monitored.

- Locatable minerals—including gold, silver, copper, zinc, molybdenum, and other precious, base, and industrial minerals made available under the Mining Law of 1872. Some examples of locatable mineral production during Fiscal Year 2000 are:

- *Gold—529,000 ounces
- *Silver—10 million ounces
- *Platinum—94,000 ounces
- *Copper—178 million pounds

The Forest Service facilitates exploration, development, and production of these resources by reviewing proposed operations in a timely manner to determine if mitigation measures are required to protect other values. If proposals involve large mines or sensitive settings, the Forest Service ensures that environmental impact statements are prepared and that proper mitigation measures are incorporated. Operations are inspected and monitored from beginning until final reclamation is completed.

- Saleable minerals—includes sand, gravel, pumice, cinders, building stone, and other fairly common materials that are of considerable importance in meeting community construction, road building, and landscaping needs. Examples of production levels of these minerals from NFS lands in Fiscal Year 2000 are:

- *Aggregate—13 million tons
- *Gypsum—56,000 tons
- *Limestone—4 million tons

These materials are made available, on a discretionary basis, in small quantities to individuals at no charge, or sold at appraised value or by competitive sale if used commercially. They are usually made available to municipalities, government agencies, and nonprofit organizations at no charge. The Forest Service also uses large quantities of mineral materials in construction and maintenance of public access and facilities.

- Reserved and outstanding mineral rights involve privately owned minerals underlying NFS lands. For reserved minerals, the Forest Service implements reserved mineral regulations which are appended to conveyance deeds at the time of acquisition. For outstanding minerals the Forest Service cooperates with developers of private minerals to minimize effects on forest resources and users, and to ensure proper reclamation;
- The geologic component of the program involves acquiring and analyzing information on geologic conditions and hazards for purposes of forest planning, project design, public and employee safety, and managing fossils, caves, and other significant geologic features. We are very active in protecting and managing these resources, especially paleontological resources, which often have high commercial value in addition to their scientific, educational, and recreational value.

During Fiscal Year 2003 we expect to inspect and monitor over 15,000 energy and mineral operations ranging in scale from basic prospecting activities to major mining developments. This is done to ensure operator compliance with permit terms and to determine the effectiveness of measures developed during the NEPA process. We will also complete necessary environmental analyses and coordination with other agencies and the public in the processing of almost 10,000 new proposed operations.

In each case, these numbers represent an increase of approximately 1,000 operations over Fiscal Year 2002. This additional work is possible because the President's Fiscal Year 2003 Budget of \$56,049,000 for our minerals and geology management program includes \$5 million that will be committed to new energy operations to implement the National Energy Policy. Of particular importance will be the development of coal bed methane in the Rocky Mountain States. The long-term value of coal bed methane from NFS lands is potentially worth billions of dollars.

In response to Executive Orders No. 13211 and 13212 and the National Energy Policy, the Forest Service developed and Secretary Veneman approved the "Forest Service Energy Implementation Plan". The Forest Service plan assigned responsibilities for specific action items and examined all major energy resources of the National Forest System including hydroelectric, fossil fuels, geothermal energy, and biomass and bioenergy. Also considered were infrastructure, research, and technology transfer.

In an August 6, 2001 follow-up memo to all Forest Service line officers and staff, Chief Bosworth emphasized his commitment to the complete implementation of this plan within the Forest Service.

Of course we know we are not in this alone. We are working closely with other Federal agencies, Indian Tribes, State and local governments, the public, and other interested parties to meet our commitment to meet our Nation's energy needs while protecting the environment.

Madam Chairman, that completes my formal statement. I will be glad to answer any questions you or Members of the Subcommittee may have.

Mr. GIBBONS. Thank you very much, Mr. Thompson.

For the members of the Committee, we are going to adhere to the five-minute rule, and I will start off first with questioning.

Let me say that in a perfect world, and if we were all emperors for the day, for the week, for the year, we could create a perfect budget that each one of us, I am sure, would like to say meets every need that we personally feel. So we can always second guess the budgets, I am sure, and sit up here and speculate how it should be spent or how much we each should be spending on every area, but I am not going to do that. What I want to do is make sure that the money and the resources that we are giving to you are adequate for the job we expect you to do and know how they are being spent.

I guess my first question would be just a generalized question if you could help me out and better understand how much of the United States' energy needs are met by fossil fuel versus renewable fuels today, in a percentage basis? Does anybody have that information?

Ms. CLARKE. I don't have that information right now. I would be happy to see if I can give you some answers for the record.

Mr. GIBBONS. I realize both of you have been on this job extremely short periods of time, so if you would answer that, and also please help me better understand that by telling me what the change has been over the last decade in the relationship between the two. I would like to see where we are going as a Nation.

Let me talk a little bit about geothermal, if I may, because geothermal is an important renewable energy, in my mind and in the United States, as well as it is important for the State of Nevada as well. I want to ask Ms. Clarke how many geothermal leases does the BLM plan to hold or lease sales does the BLM plan to hold in the Fiscal Year 2003?

Ms. CLARKE. Let me consult with some of the folks who may have the details.

We have plans for four of them in Nevada.

Mr. GIBBONS. And in the California and Northwest area, how many would be the total geothermal?

Ms. CLARKE. I don't think we have those figures. There are four that are on our radar screen right now.

Mr. GIBBONS. I understand that there was a recent Interior Board of Land Appeals' decision that affirmed an appeal of the adequacy of the Medicine Lake Geothermal Environmental Impact Statement. What are BLM's plans in light of that decision and will you be revisiting your previous decision after the IBLA decision?

Ms. CLARKE. Congressman Gibbons, I am not familiar with that IBLA decision. I would be happy to look into that and get back to you on that question.

Mr. GIBBONS. Let me turn to the Forest Service now, and it is pretty much the same question. At a hearing on geothermal energy, witnesses testified that the Forest Service has never acted on lease applications for thousands of acres in Northern California and the Pacific Northwest for geothermal. Many of these applications were in known geothermal areas. Can you explain what the problem has been with those applications and does the Forest Service in the Fiscal Year 2003 budget request include money to remedy the situation we just talked about or the inaction on these applications?

Mr. THOMPSON. Currently, we have 148 geothermal leases on 258,000 acres, and most of that is in the Pacific Northwest. We also have 96 nominations or applications for geothermal leases on 139,000 acres. Most of those nominations are along the crest of the Cascades, the Deschutes, the Gifford Pinchot, the Mount Baker-Snoqualmie, Mount Hood, and the Willamette National Forest. In Region V, California, Northern California, there are two development projects, the Four-Mile Hill and the Telephone Flats, in the Medicine Lakes area, and both of those are being litigated. A lot of the issue that is being debated and discussed, those two, in

particular, have to do with Native American groups, cultural consultation.

With regard to the 2003, our tentative projections, there would be probably an additional \$500,000 to each region, Region V and Region VI, that would probably be allocated to the regional forester, with the intent that they would use it for the highest priority mineral and geology work. Certainly, in the Pacific Northwest, geothermal is a very large part of their program.

Mr. GIBBONS. Let me ask one final question in the 1 second I have remaining, which will only take a yes or no answer. Do you believe the additional \$500,000 that you are allocating in the budget for that is adequate to cover the permitting processes and speed up the process?

Yes and no, I guess.

[Laughter.]

Mr. THOMPSON. I think it would be hard to just say yes or no. It depends upon the priorities. My feeling, there will probably be some things that will not get done.

Mr. GIBBONS. Welcome to Washington.

Mr. THOMPSON. Pardon?

Mr. GIBBONS. I said welcome to Washington. That is the answer I would have expected.

Mr. Kind?

Mr. KIND. Thank you, Mr. Gibbons. Actually, this is an area that I think we have a common interest in, how we can further explore the development of geothermal potential in this country. Obviously, the President and First Lady saw the merits of it, since they did it themselves on their own private ranch down in Texas, relying on geothermal power.

This Committee last August took a fact-finding tour of Iceland, checking out the latest technology in geothermal development and the use in that country. Kenya, I understand, is on a 10-year plan on geothermal power to have 25 percent of their energy needs based on geothermal. I think there is so much more potential in this country in that area. Even in Wisconsin, there are private companies, high schools being built now relying on geothermal as an energy source for their energy needs as well.

That is why I kind of look at the budget, and you see the proposed increase from \$350,000 to \$700,000, a doubling of the geothermal budget, and I kind of look at it and shake my head and think it is a very paltry sum, given the tremendous potential.

I know, Ms. Clarke, you are new to the position, and you are coming up to speed on a lot of these issues, but perhaps you could help me in your office, if your staff could supply some information on just some preliminary estimates on the real potential that exists out there for geothermal development on our public lands, what the demand is like, the technology and whether we can ramp that program up to a much greater extent than what we are seeing reflected in the budget requests. I do believe it is not going to be the panacea, but certainly could be a significant piece to the overall energy puzzle that we have to put together here.

Ms. CLARKE. Representative, as you are aware, Secretary Norton held a national conference on renewable energy in I think it was November. There was a follow-up at the end of this month, and we

are working closely with the Department to develop the kinds of information you want and aggressive action plans. Certainly, it is an area with untapped potential. I think, as we better understand that potential and as we commit ourselves toward those ends, we will have better proposals and probably more expansive opportunities for us to really look at the public lands as a siting for that type of activity.

I would also welcome partnerships. I think that the conference is intended to identify potential partners and create the future, so to speak, defining what we can do and what we should be doing in that arena. I think we need to maximize all of these opportunities in order to meet the demands of this country for energy resources.

Mr. GIBBONS. I think most of us, and those who have been somewhat critical of the President's energy plan, and there is no shortage on this side of the aisle, understand that we are, by and large, a fossil fuel-dependent Nation, and that is not going to change overnight, but we should be looking at some transition period to tap into the latest technology and exploring the potential alternative renewable energy sources.

We are just somewhat frustrated that it is not really reflected in the budget. In fact, so much attention, and I think so much distraction has been given to the Arctic National Wildlife Refuge, the golden goose up there, and the potential for oil reserves, but I just have a couple of budgetary questions in that regard. Because I see, again, in the budget that the administration is anticipating 2004 lease sales up in the Wildlife Refuge, anticipating \$2.4 billion in bonus payment bids that would come in, which is also consistent with last year's anticipation, even though the market price has changed.

I am wondering, given the stalemate that exists right now in regards to the national debate on drilling in the Arctic National Wildlife Refuge, what is the budgetary impact if, in fact, it doesn't become part of the national energy plan and these bids do not take place, given the reliance on that in order to balance things out?

Ms. CLARKE. My understanding is that, for BLM, we will continue to roll ahead with the funds that are identified in the budget for us to proceed with North Slope activities. We have many activities up in the National Petroleum Reserve-Alaska, and so much of our effort is up there, and that is an area that has been identified, and appropriately so, for drilling and lease activities at this time.

I commit that I will work with this Committee to build on all of our opportunities to address the energy needs for this country, and running a very open and accountable process with this Committee on budget questions and challenges.

Mr. KIND. Given British Petroleum's recent statements about the additional cost of drilling up there and given the potential that already exists such as in the Gulf and the deeper water drilling, the technology that that brings, and also the leaseholds that are already available on that, I guess, it just seems more logical to concentrate on where there is already common agreement rather than focusing on something that can polarize the Nation, especially drilling up there.

Finally, again, in the administration's budget, anticipating a \$2.4 billion-bonus payment on drilling in the Wildlife Refuge, it appears as if you are using a 50-50 split with the State of Alaska in regards to what the administration, what the Federal Government would receive. Whereas, under existing State law, and correct me if I am wrong, Alaska is now entitled to a 90-10 split. How does the administration justify the 50-50 split, unless we intend to supersede Alaska State law, and I imagine the Alaska delegation would cry foul pretty quickly if that is the administration's intent.

Ms. CLARKE. Representative, having not really been at the table when so much of this budget was developed, I am not in a good position to answer that question. I would be happy to get back to you.

Did you hear me? I said having not been on board and at the table when most of this budget was developed, I am not sure what discussions and negotiations have been put into place that supported the budget as you now see it. I would be happy to get back to you on that question.

Mr. KIND. Thank you very much. I see my time has expired.

Mr. GIBBONS. Thank you, Mr. Kind.

Mr. Inslee?

Mr. INSLEE. Thank you, Mr. Chairman.

I would like to ask Mr. Thompson and Ms. Clarke, both of you, can you describe efforts that your agencies have or will be making on the energy efficiency front with your own operations; for instance, efforts to improve efficiency of your vehicle mileage. Perhaps that is a place to start. The efficiency of your buildings, could you describe what you have done and what perhaps you are considering in the future.

Ms. CLARKE. I am aware that there are efforts taking place within the Department of Interior, in general, about energy efficiency. I cannot point to the specifics. I will share with you that in my position as director at the Department of Natural Resources in Utah, we undertook a major energy overhaul of our existing buildings and of our vehicles. We were able to reduce energy consumption and became the model for the State.

So I think it is the responsibility of Government to set a high standard, and while we are spending tax dollars, it is our duty to make sure that we are not wasting those on energy inefficiency. So I would certainly support that kind of effort because I know there are things taking place in that vein, but I can't share with you those specifics. I would be happy to get back to you with more detail.

Mr. INSLEE. I am sorry. You referred to which agency you were involved with?

Ms. CLARKE. When I was the director of the Utah Department of Natural Resources, we took a very aggressive path in dealing with energy efficiency, not just in our buildings, but trying to lead the movement into all Government buildings as well. We were very progressive in terms of using alternative energy sources and partnered with other Agencies in providing solar energy to the National Park Service. We had some great partnerships. I think there are a lot of opportunities we can and should tap into.

Mr. INSLEE. So, from what you have seen to date and looking at the budget that we are looking at, does the Federal Department of Interior's efforts in those directions, as far as vehicle efficiency, building energy use efficiency, use of alternative fuels, does the Federal Department of Interior match the State of Utah's Department of Natural Resources that you have just described?

Ms. CLARKE. Like I said, having just gotten my feet on the ground in this arena, I can't tell you exactly what efforts are underway, but I am privy to the fact that there are initiatives taking place. We are measuring our reduction in energy consumption in the building I work in. That is clear. There are employee incentives and employee reminders.

So I know that there are activities that are in place right now that are focused on reducing our energy consumption, both in vehicles and in buildings. I can't give you the specifics of the programs or their effectiveness to this date. I would be happy to check into that and get back to you.

Mr. INSLEE. If you could, that would be appreciated. We would like to know what budgetary efforts are being made in that regard. The reason I say this is that the President is going to announce a global climate change initiative today, I am told. It really seems to many of us that a first place to start is in our own house and try to have the Federal Government be a leader to show the way for the whole economy and some of these things that are possible.

The Federal Government has been a leader when we went to the moon. We did some things private enterprise didn't do, and many of us think we need to do that the same, and we can use our agencies to be leaders. So we would encourage that effort.

I would ask you if you can, perhaps, articulate to me in writing what we are doing and what you are considering doing. I would appreciate that.

Mr. Thompson, do you want to take a stab at this?

Mr. THOMPSON. Yes. In our implementation plan, we have a number of items in there that we have developed over the last year which focus in that direction. One of them has to do with bio-energy, and we are committed to working with the EPA to encourage Forest Service field units, our co-operator State foresters and other co-operators to consider using bioenergy, using that on a small scale, wind power, that kind of thing.

We are also, in the Black Hills National Forest in South Dakota, we are using and trying to convert vehicles to a soybean diesel fuel. There are a lot of opportunities. A lot of our work would be done with a forest products lab in Madison, Wisconsin, attempting to work on housing designs and structures. Certainly, over the years, Forest Service facilities, when we have a research and development finding, one of the first places that we test it is in our own buildings.

So I think there is an awful lot of opportunity. There is a lot of challenge in getting it. We have got a tremendous backlog of buildings and structures that are needing upgraded. Certainly, as we do those, there will be every attempt to increase energy efficiency in those places.

Mr. INSLEE. Ms. Clarke, could you, if you were going to contrast your Agency's expenditures on work associated with development of

fossil fuel-based resources on your property versus development of, say, wind power on your property, how would those two numbers stack up?

Ms. CLARKE. My understanding of the budget is that we have a very small piece right now for development of wind energy resources. I, again, think that there is ample room for us to expand on our understanding of those potentials and opportunities, but we are starting out with partnerships and trying to envision what we ought to be doing and where we ought to be going. It is, certainly, an untapped opportunity.

Mr. INSLEE. Could you give me any flavor for the numbers there? Is it 99-percent fossil and 1-percent wind? Could you give me any feeling for—

Ms. CLARKE. Let me see if I can—do you have that?

[Pause.]

Ms. CLARKE. It has been suggested to me that about 95 percent of our funding is probably going to fossil fuel activities, 5 percent, perhaps, to the alternative.

Mr. INSLEE. Well, we want to explore with you ways to change those numbers. The reason I say that is that I think, and I don't think I am alone in saying that we are going to have to change our usage, our percentage, our portfolio due to climate change considerations. Denmark is going to have 50 percent of their electricity generated by wind in the next 10 years. This is possible.

I believe there is enormous untapped energy potential on Federal lands in this Nation, and if we continue to have 95 percent of last century's climate change gas-emitting industries and 5 percent in clean, nonclimate change emission, we are never going to get to where the President I think today will say you need to go.

So I am going to tell you I am going to commit myself to try to change those numbers. What can you do to change those numbers?

Ms. CLARKE. Representative, I think we are obviously at a crossroads in this country where a lot of paradigms are changing and where focuses are shifting as we start to recognize the incredible growth in this country is butting up against a lot of other values that we care about and cherish in this Nation.

When I was confirmed, I made a commitment that I saw that conservation of our lands was an imperative. I do believe that. I think we also need to deal realistically with the growth in this country and the quality-of-life challenges. And I agree with you, public lands are a place where we can turn to for all kinds of products and services that address that. I will look forward to working with this Committee to come up with appropriate budgets to meet those challenges and to balance the competing demands that we have.

Mr. INSLEE. I haven't seen the President's proposal that he will be announcing today, but it has some voluntary, I think—one more question here?

Mr. GIBBONS. Sure.

Mr. INSLEE. I am sorry. I missed the light. My apologies.

Mr. GIBBONS. That is all right. You are only about 3.5 minutes over.

[Laughter.]

Mr. INSLEE. Would you defer one more; is that OK, Mr. Chair?

Mr. GIBBONS. Yes.

Mr. INSLEE. Thank you. I appreciate that. I am enjoying the testimony.

Does the Department anticipate setting any internal limits for itself on global climate change gas emissions from its lands? For instance, do you anticipate saying we are going to only have this amount of emissions associated with energy production on our lands and set a goal for nonclimate change emission standards? Is that in your game plan at all?

Ms. CLARKE. I am not aware of any decisions that have been made at the Department level or discussions with any bureau at this time. I would appreciate the opportunity to go back and check on that and report to you on the record.

Mr. INSLEE. We hope you will do that. I appreciate your time.

Thank you, Mr. Chair, for your indulgence.

Mr. GIBBONS. Mr. Inslee, we will probably come back for a wrap-up question. I have a couple of extra ones, and we will certainly grant you the courtesy to do that as well.

I wanted to ask the BLM a real simple question. I understand that the BLM has requested an \$800,000 budget item for an Environmental Impact Statement on the Black Leaf area of Western Montana for proposed oil drilling and gas drilling, which was turned down.

Wasn't there an EIS prepared in the mid-nineties for that same area? If there was, since that EIS was already completed, why does the cost to update an existing EIS require so much money?

Ms. CLARKE. I probably need to check into that. I had a discussion this morning with folks on my staff about that. I was told that there is an update and an active EIS in progress, but I have not been able to verify that myself, nor did I have a chance to get a call into the State director to find out what his intent was in requesting that additional money and what effect its not receiving that had on those activities there.

So, like I say, I have had a brief conversation, but I am not real confident of the details at my command right now, Representative, and I would like to get back to you.

Mr. GIBBONS. What is the BLM doing right now with the nine pending applications for drilling in the Missouri Breaks National Monument area?

Ms. CLARKE. My understanding is that we are working in collaboration on better understanding what our opportunities are there. I know that with the national monument that there are limits to the way we deal with those valid, existing rights, but that we are trying to come up with some collaborative approaches to move forward in ways that are acceptable.

Mr. GIBBONS. Maybe both of you could just tell me what the process you are going through, both with the Forest Service and with the BLM, to assist in reducing the United States' dependency on foreign, imported oil.

Ms. CLARKE. I know that when the President laid out the national energy plan, the BLM identified over 20 items on his nearly 100-item list that we felt we were directly responsible for, that we could make contributions toward their enactment.

We have translated that list of 20 into 43 action items and feel that we have a direct impact on the reduction of our dependence on foreign oil to the extent that we are able to move forward on those items and to correct some of the deficiencies, the backlogs that have been in place.

I think, as I stated in my opening testimony, the money that we have requested for additional activities starts to address those challenges that we have to improve our processes. I think it is time that we took a fresh look at things, that we need to improve the way we do business, that process often gets in our way. We need to look at results, and that is the deliverables. We need to really see the effectiveness of our efforts.

So I would commit to you that this Agency will be working hard to bring good business practices and good management practices to the business of energy activity on the public lands.

Mr. GIBBONS. Mr. Thompson?

Mr. THOMPSON. Yes, in a very similar way, I would echo those comments with regard to trying to be more efficient and effective in responding to applications and more timely. There certainly has been a tremendous, and we call it "analysis paralysis," problem, and I think trying to get on top of that is a top desire of the chief of the Forest Service, and certainly it is reflected in the Department and also in this administration's budget.

It goes to not just the energy minerals program, it goes to the very essence of all of the programs that we do, trying to streamline processes to figure out ways of moving through tremendously complex analysis and consultations so that we can produce decisions in a timely way. That adds to efficiency. I think it also adds to confidence that people have and willingness to participate in programs. So that is one area that I think is a tremendous emphasis at this point in time.

In addition to that, with regard to your question, we certainly are looking at emphasizing small-diameter biomass, underutilized material from other activities that go on with regard to fuels treatments and others, but there is a whole list of things that we would be doing, and many of those are identified in our 31 action items in our implementation plan. I think all of those are intended to implement the national energy policy.

Mr. GIBBONS. Thank you.

Mr. Kind, any wrap-up questions?

Mr. KIND. Yes, just real briefly.

Ms. Clarke, you have been a real trooper today, and thank you for hanging in there with us.

Ms. CLARKE. Sure.

Mr. KIND. One more question and more directed toward you. We had some hearings late last year and getting a lot of information in regards to some of the problems with coalbed methane production in Wyoming and the owners of the land, and some of the concerns that are raised in terms of air quality, water quality, consent and agreement issues and all of that.

How much will your Bureau or Department be devoting resources or time or personnel in order to deal with what has turned out to be a real fire-bed issue out there for many of those individuals and landowners.

Ms. CLARKE. Coalbed methane is certainly a very important energy resource right now, and there is great demand for its availability and production.

Clearly, it has created conflicts, and we are working with all parties to improve our conflict resolution policy right now to make sure that we are able to maximize recovery of those resources, while minimizing conflict and disruption to the various parties.

We don't have all of the answers. We are looking to the operators and the owners to help provide us with insights and information that will help us to come up with a policy that serves the needs of all of those players in this important arena.

Mr. KIND. I wish you well on that endeavor because, obviously, it is a very important issue. Like I said, we have looked into this and had a hearing with Ms. Cubin and some of her constituents last year. Hopefully, something can be worked out. It seems to be a growing problem right now, and we need to take some affirmative steps.

Ms. CLARKE. It is high on my radar screen. Thank you.

Mr. KIND. Great. Thank you.

Mr. Thompson, let me just conclude with you. I understand, in your written statement, you indicated that the \$5-million increase in the energy and minerals program will be used mainly for coalbed methane operations in the Forest Service lands in the Rocky Mountain States, of which you bring considerable expertise to.

My question is, for those NFS lands with reserve and outstanding mineral rights underlying the surface, can a mineral owner simply just begin drilling in that area? What is the process at the Forest Service in regards to how they go about drilling?

Mr. THOMPSON. In particular for the coalbed methane?

Mr. KIND. Right.

Mr. THOMPSON. There is a process of first determining whether an area is available for leasing, and then once the lease request is made and a decision made that an area is available, then the process moves along. At the time that there is a request for lease, it is processed, and we work with the BLM very closely with that, and then at the appropriate time we do analysis, very site-specific analysis, it may be an Environmental Impact Statement or other environmental analysis, to make the decision as to what environmental protection is needed to actually do the lease. So it is a fairly involved process, and that is where we get into delays and a lot of time involved.

With regard to coalbed methane, particularly in Wyoming, with the kind of sudden change and increase in that use, we have had to relook at our staff. We have hired new people to come in who are able then to do the analysis, provide the expertise that is needed and to train those folks to be able to do a quality job of analysis and also provide the expertise that is needed to carry out the work. It is very specialized work, and I think we have some of the, working with the BLM, some of the most highly qualified leasing people in the world trying to balance production versus the environment.

Mr. KIND. Is the process any different if the Forest Service has fee-simple interest on the surface and subsurface rights to a particular land?

Mr. THOMPSON. If I understood your question, it is, is the process any different if—

Mr. KIND. If you are holding fee-simple interest in land.

Mr. THOMPSON. I am trying to think. I would probably have to get back at you with the answer on that one. I think there are definitely some differences, but I couldn't describe it exactly to you right at this point in time.

Mr. KIND. Well, thank you. Thank you both again for coming in and testifying, as well as your staff.

Thank you, Mr. Gibbons. That is all I have.

Mr. GIBBONS. Thank you, Mr. Kind.

And to our witnesses today, Director Clarke, Mr. Thompson, we want to thank you for your appearance today and your testimony. In the Committee's oversight duties, of course, we will be submitting written questions that we would ask that you follow up in response, in addition to the questions that were asked that you promised to provide testimony and information to the Committee as well.

It has been a pleasure to chair the meeting and have both of you here. We know this is a new process for each of you, and we welcome you to the new process. I certainly hope that we have not treated you harshly. We did, as I say, appreciate the fact that you have arrived, Ms. Clarke, not feeling your best.

Ms. CLARKE. Thank you.

Mr. GIBBONS. With that, we are very thankful that you took your day and your time, as well, to be here. We look forward to working with you. It is always nice to have a warm, positive working relationship with the bureaucracies that we have our oversight duties to. Like I said, it is going to be a very interesting few months in the next few months as we move through the session.

So, with that, we will ask if there are any other questions.

[No response.]

Mr. GIBBONS. Seeing none, we will adjourn this hearing and call it a day.

[Whereupon, at 11:25 a.m., the Subcommittee was adjourned.]

[The Department of the Interior's response to questions submitted for the record follows:]

**Responses to Questions Submitted for the Record to Kathleen Clarke,
Director, Bureau of Land Management, U.S. Department of the Interior**

QUESTIONS FROM CHAIRMAN BARBARA CUBIN

1. *When doing land planning, what attempt is made to identify areas which are favorable for minerals, oil and gas, geothermal energy, etc. During the scoping process do you consult with your own geologists, other federal agencies like the U.S. Geological Survey, state geological surveys, and industry to identify mineral and energy resource rich areas so that they can be considered in the planning process as a "reasonably foreseeable development"? If not, why?*

During the scoping process, the Bureau of Land Management (BLM) works with a variety of Tribal, Federal, State, and local government agencies, trade groups, user groups, and local citizens to develop collaborative, inclusive, and effective land use plans. The BLM works very closely with the U.S. Geological Survey, state geological surveys, academia, mineral industry, special interest groups, and individuals to identify the potential for development of mineral and energy resources as well as a wide variety of other important resource values. The BLM works especially closely with the U.S. Geological Survey to obtain the latest resource assessment data on mineral and energy resource potential areas. This information is incor-

porated into the planning process through the development of reasonably foreseeable development scenarios. The BLM then involves the public in the preparation and review of planning documents which analyze the environmental impacts of alternative levels of resource use and protection.

2. There has been a great deal of concern voiced by the oil and gas industry over delays in having drilling permits approved. A recent study by the Independent Petroleum Association of Mountain States using BLM data found that in fiscal year 2001 that it took BLM from 34 to a maximum of 197 days to approve a permit, with 84 days being the average. What is BLM doing to bring the approval times down to the 30 days as mandated in the regulations?

As part of the BLM's National Energy Plan, the Bureau established a working group to review and evaluate various reports and data concerning expediting the Applications for Permit to Drill (APD) process. The group has identified several specific recommendations, which the BLM will evaluate and presented to its stakeholders for comment at a Bureau-wide APD summit in Denver on March 20 and 21, 2002. Examples of areas under review are cultural clearances, National Environmental Policy Act (NEPA) processes, consistency of lease stipulations, and automation of the APD process.

3. EPCA 604 inventory has been fast tracked, with reports on the five major Rocky Mountain basins that produce oil and gas to be completed this spring. How will the results of this study be used in the "Time Sensitive Plans" that are currently underway to update BLM management plans in energy producing field offices?

As the EPCA inventories become available, the BLM will review those findings and incorporate the information as appropriate into the time sensitive land use plans. This review will include evaluations of land use area designations, lease stipulations, and use terms and conditions associated with development activities. In addition, consistent with the President's National Energy Policy, the information will be used to determine if alternatives are available to facilitate energy development while still providing necessary environmental protections. The EPCA findings will also be used in specific environmental documents which will establish a variety of multiple-use management goals as well as standards and objectives to guide management activities.

As a follow up, is the budget adequate to complete all dated plans in high priority energy areas?

In 2001, the BLM embarked on a long-term project to update and revise the land use plans for the public lands. The BLM has predicted that completion of this comprehensive effort will take 10 years at a cost of roughly \$50 million per year. The BLM identified the highest priority plans in 2000, which were started in 2001, and are expected to be completed in the next two to five years. The President's 2003 budget requests an additional \$14 million for land use planning, which will bring the total planning budget to \$47 million in 2003 to implement this planning initiative.

In addition, in order to implement the President's National Energy Policy, the BLM has revisited land use planning priorities to ensure that the areas of greatest industry interest for oil and gas development are being addressed. The BLM is currently revising plans in the National Petroleum Reserve Alaska; San Juan, Powder River, Uinta, and Piceance basins; and in central Wyoming. These represent the most critical of the energy-related land use plans for the BLM.

4. As you know, this Subcommittee strongly supports the Bureau of Land Management and the Forest Service budgets that provide adequate resources to ensure good and timely permitting decisions and processes. But as we consider future needs, we want to be sure that the agencies are spending current appropriations wisely. Along those lines, we noted that a recent recommendation filed with the White House Energy Streamlining Task Force dealt with the processing of applications for permits to drill (APDs) and other BLM permits. It called for a quick benchmarking study to compare field offices permitting effectiveness, using available data. The recommendation then outlined an approach to find out why some offices appeared to do better than others.

a. Finally, it called for a "best practices" approach to bringing all offices to the level of performance of the best ones. Is such a benchmarking and best practices program being implemented?

Developing a best practices approach for providing consistency among the various BLM offices regarding APD processing is being considered by the APD working group (as mentioned in the response to question 3). The BLM evaluated and pre-

mented this approach to industry for comment at a Bureau-wide APD summit in Denver on March 20 and 21.

b. If so, what measures of performance are being used? (APD permitting time? Number of permits issued per dollar spent on processing? Number of permits per employee assigned to process them?)

Currently, the BLM regulations have a 30-day performance goal for the processing of APDs. An automated application process is also being considered in an attempt to resolve the discrepancies between the submitted applications and the application requirements in order to ensure that industry has submitted a complete application.

5. I am glad to see that the Powder River Basin Oil and Gas Draft EIS has been completed and that the Final is expected in August. What is current backlog of CBM APD's and how long will it be before the backlog is eliminated?

The BLM is working diligently to complete the Powder River Basin (PRB) oil and gas final EIS. The number of pending APDs in the Powder River Basin (PRB) is approximately 2,500. Several hundred of the applications, however, have been returned to applicants due to incomplete data, or are returned when the operator notifies the BLM of a change in their plans to drill. The BLM receives 1,000 to 1,500 new applications for development in the PRB each year. The BLM is currently processing and approving of about 1,300 APDs per year. In addition, completion of the EIS will help to expand the number of APDs that the BLM can process, a total that is currently limited by existing NEPA documents.

6. Budget, aside, BLM Wyoming recently had a competitive coal lease sale, which brought in a bonus bid of \$379.5 million dollars. I also understand that there was more than one bidder and that there is a potential conflict between the coal and coalbed methane developers. The President's budget states that one of the Administration's high priority energy tasks is to resolve the conflicts that arise when the government leases coal rights to one producer and coalbed methane rights to another producer in the same land.

a. Will the Administration's proposed resolution allow coal operators to purchase the conflicting coalbed methane rights at fair market value?

b. If not, what mechanism will the Administration use to optimize mineral production from federal lands without giving the owner of one mineral lessee undue leverage over another mineral lessee?

The BLM is in the process of clarifying and strengthening its existing conflict resolution policy. Various potential recommendations and approaches are being considered to resolve the conflict. The goal of the BLM's existing policy is to ensure conservation of the coal resources while optimizing coalbed methane recovery, and to optimize the return to the public while protecting public safety and the environment. The BLM is working to achieve this policy goal either by facilitating an agreement between the lessees, or by exercising authorities under the terms of the lease, the Mineral Leasing Act, or the implementing regulations, including those concerning conservation of the natural resources.

7. What is the status of coal leasing activities in BLM. That is, are there any pending coal lease applications, and if so what is being done to expedite and streamline the process?

There currently are 317 coal leases on Federal lands, of which 127 are producing. In fiscal year 2001, production from Federal lands exceeded 393,500,000 tons. There are currently 17 Federal coal lease applications pending nationwide. The BLM is taking several actions to expedite and streamline the processing of pending coal lease applications. In Wyoming, for example, the BLM is combining the NEPA documentation for four pending lease applications into one EIS, eliminating the need for separate NEPA documents. The BLM has also hired additional staff in Wyoming to support expediting pending lease applications. In addition, as part of the BLM's responsibility under the President's National Energy Policy, the Bureau is examining the current leasing process for opportunities to improve the application process.

8. I understand that BLM Montana requested \$800,000 for an EIS for the Blackleaf area in western Montana for proposed oil and gas drilling, which was turned down. Wasn't there an EIS prepared in the mid 1990's for that same area? Since an EIS had already been completed why is the cost to update an existing EIS so high?

The final EIS for the Blackleaf area was completed in June 1992. However, a Record of Decision (ROD) was not issued. At the time there were no pending development proposals and the intent was to prepare a ROD following receipt of the first drilling proposal for the Blackleaf area. The supporting data and analysis contained

in the EIS were assembled prior to the 1992 issue date, making it more than 10 years old. Since then, additional data and analysis needs have been identified including Native American consultation, potential historic properties data, cutthroat trout data, threatened Canada lynx data, and threatened grizzly bear data along with an updated socioeconomic analysis, air quality analysis, and biological assessment.

In 2001, three Notices of Staking (NOS) for natural gas wells were filed for the Blackleaf area. Two of the locations were addressed in the 1992 EIS as possible exploration wells, not production wells with associated road and pipeline construction as now proposed. Also, some of the alternatives in the 1992 final Blackleaf EIS do not address the proposed well locations and therefore do not adequately address the new proposed development activity. Because the current proposal differs from any of the alternatives described in the 1992 EIS, and because of new data, our intent is to prepare a new EIS addressing the proposed production wells and field development. Information from the 1992 final Blackleaf EIS would be updated with new information, new viable alternatives, and new analysis. The new EIS would address the three proposed wells with a level of specificity for a decision on the drilling proposals.

The BLM is outlining a strategy and schedule to update the EIS and complete the Record of Decision. We expect this strategy to be completed by mid-year, and it will form the basis for determining the necessary funding for the project.

9. What is the status of the oil and gas leases within the Missouri River Breaks National Monument? What is BLM doing with the 9 drilling applications that are pending approval?

The Presidential Proclamation establishing the Upper Missouri River Breaks National Monument protects valid existing rights including pre-existing oil and gas leases. Six of the nine drilling applications are within the monument on leases which predate the establishment of that monument. The other three are outside the monument boundary and therefore not affected by the monument proclamation. The BLM is currently reviewing public comments on an Environmental Assessment (EA) that analyzes these applications. The comment review should be completed by April. In addition, it should be noted that the area proposed for drilling is an area of historic gas development with hundreds of wells drilled since the 1950s.

10. There has been a lot of press and controversy surrounding Anschutz Petroleum's proposed exploratory well in Weatherman Draw. It seems that several Native American tribes object to the proposed well location because the area contains sacred sites and have appealed the drilling permit approval to the Interior Board of Land Appeals. What is the status of this controversy?

The BLM approved Anschutz's application to drill an exploratory well in the area on February 5, 2001. Several Native American tribes have identified the area as containing sacred sites, and the approval is under appeal with the Interior Board of Land Appeals. The company has voluntarily postponed drilling until at least June 1, 2002, while alternative solutions are pursued. The company and the appellants have indicated a desire to find a mutually agreeable resolution to this issue including potential relinquishment of the two leases. The BLM and Anschutz have entered into a Memorandum of Understanding to have the leases appraised by an independent appraisal company. Information from the appraisal will be included in any analysis regarding potential compensation for termination of the leases.

11. Oil and gas exploration and development on Alaska's North Slope, especially opening up the 1002 area of ANWR, is a very controversial issue. It has been reported that exploratory drilling in the National Petroleum Reserve Alaska resulted in a major discovery of oil. What is BLM doing to promote oil and gas development in the National Petroleum Reserve Alaska to decrease our dependence on foreign oil?

The President's National Energy Policy identifies oil and gas development on the North Slope of Alaska as a priority. As part of the BLM's effort to implement that policy, the Bureau is undertaking various actions. The BLM has announced plans to hold a second lease sale in the Northeast sector of the National Petroleum Reserve-Alaska (NPR-A) on June 3, 2002. This will be a re-offering of those lease tracts which did not receive bids in the first lease sale. The BLM also has initiated a planning effort for the Northwest sector of NPR-A to identify those lands to be offered for oil and gas leasing in a lease sale to be conducted in 2004. Once the Northwest planning process is complete, the Southern NPR-A area planning effort will be initiated. The BLM also is working closely with industry to provide for the timely processing of applications for permits to drill. Finally, the BLM is continuing its efforts to ensure the best technologies and practices are utilized to develop and

produce oil and gas on the North Slope in an efficient and environmentally-sound manner.

12. This Subcommittee sponsored enacted legislation, HR 1913, that directs the Secretary of Interior to acquire the private mineral rights of some 67,000 acres within the Acoma Pueblo in New Mexico within three years. What is the status of acquiring those mineral interests?

The recently enacted legislation (PL 107-138) requires the private mineral interests within the Acoma Pueblo be acquired by either land exchange, direct purchase, or through the use of bidding credits in an amount equal to the value of the mineral estate. The BLM is working with the Department and BIA to determine which acquisition option allowed under the law should be pursued in order to comply with the law's three-year deadline. As required by the law, appraisal of the property will be initiated and completed by the Department, within the six month time-frame required by the legislation, to determine the value of the mineral estate for acquisition purposes.

13. There was also controversy surrounding the Otero Mesa Oil and Gas EIS in southern New Mexico, an area that has had a major natural gas discovery by Yates Petroleum at their Bennett Ranch Unit. It seems that the majority of the lands available for leasing will be available with "no surface occupancy" stipulation. If this is the case, it would adversely impact the development of natural gas. What is BLM doing to assure that there is access to develop this very important resource and have they looked to any "out of the box" creative solutions?

For the Otero Mesa Oil and Gas Environmental Impact Statement, the BLM is looking at a new and innovative alternative to the "no surface occupancy" stipulation originally proposed in the Resource Management Plan amendment for the area. The new alternative, if adopted, will permit the entire area to be open to leasing with a limit on the amount of unreclaimed surface disturbance allowed at any one time. The lessee or operator would have access to the entire lease, but could not have more than five percent of the leasehold disturbed by exploration activities, such as roads, well pads, and pipelines. This alternative would provide the operator with flexibility in developing the lease, but would set specific limits on surface disturbance. As areas are rehabilitated and reclaimed, these areas would no longer be counted in the five percent disturbance limitation.

14. What has BLM accomplished in streamlining the process for the development of renewable energy resources on public lands since the November 2001 National Conference on Renewable Energy that was hosted by Secretary Norton?

Consistent with the President's National Energy Policy, the Department and the BLM are working to expand renewable energy development opportunities on public lands. The Department's November National Conference on Renewable Energy was a good first step in an ongoing effort to work with industry in a collaborative manner to reduce delays and bottlenecks in processing authorizations for renewable energy facilities on the public lands. The BLM is working closely with the Department to develop a Renewable Energy Action Plan in response to the comments and recommendations from the conference. In addition, the Department and the BLM hosted a second, follow-up meeting in California in February 2002 to clarify and discuss specific actions and recommendations that may be implemented by the Department and the BLM. As a follow-up to the meetings, the BLM is continuing to evaluate recommendations on how the BLM can best develop renewable resources on the public lands. The 2003 budget includes an increase of \$750,000 to expand the development of renewable energy sources.

15. How many geothermal lease sales does BLM plan to hold in fiscal year 2003?

The BLM does not currently have a nation-wide geothermal leasing schedule. As part of the BLM's responsibilities under the President's National Energy Policy, it has initiated the development of state specific geothermal action plans which will expedite the leasing process and determine the appropriate need for geothermal lease sales.

16. I understand that there was a recent Interior Board of Land Appeals that affirmed an appeal on the adequacy of the Medicine Lake Geothermal EIS. What are BLM's plans in light of the decision, will you be revisiting your previous decision?

To clarify the decision, on February 7, 2002, the Interior Board of Land Appeals (IBLA) (IBLA 2000-94) dismissed the appeal. Specifically, the IBLA affirmed the BLM's ROD for the Calpine's Plan of Operations for the Fourmile Hill Geothermal Development Project. As part of the ROD, the BLM incorporated a Memorandum

of Agreement (MOA) with the US Forest Service, State Historic Preservation Officer and Advisory Council on Historic Preservation and adopted various mitigation measures set forth in the final EIS to minimize the potential impacts of the proposed action. The BLM is working with all parties, including industry and the tribes, to clarify the provisions of the MOA. In addition, the BLM will prepare the necessary environmental documentation and development of specific mitigation measures associated with the processing of the geothermal APD prior to the approval of any drilling activity.

17. The fiscal year 2003 budget assumes that Congress will authorize a lease sale in ANWR in 2004 that would raise \$2.4 billion in bonus bids. Last year, the Administration proposed that ANWR be opened to leasing and used the same estimate to justify its plan. Given the decrease in oil and gas prices over the past year or so, which is reflected in the Department's onshore and offshore oil and gas estimates, why would you stick with the same estimate for bonus bids on a 2004 ANWR lease sale?

The BLM's bonus bid estimates are dependant on a number of factors, including geology, reservoir engineering, potential for oil, economics, and the bidding results from previous lease sales. Since many of these factors are not always certain, the BLM uses its professional judgment to determine them, and reviews these factors to decide if significant changes warrant a new assessment of the bonus bid estimates. In particular, oil and gas price forecasts used in this process are not tied to annual fluctuations, but rather to long-term projections. Long-term price projections and data related to other factors have not varied greatly; therefore, the BLM believes there is not currently a need to revise the estimates. Furthermore, industry's bidding history for similar tracts suggest that these estimates are within the range of what should be expected for any ANWR lease sale.

18. Last year as part of the House-passed energy bill, the Congressional Budget Office estimated that leasing ANWR would generate gross receipts totaling about \$3.3 billion in bonus bids on two sales to be held between 2004 and 2006. Those receipts would be largely offset by payments to Alaska totaling \$2.97 billion over the same period. As you know, under the terms of the Alaska Statehood Act, the State is entitled to 90 percent of the leasing revenues that would be generated if ANWR were leased. Therefore, CBO estimated that net receipts to the federal government would total only \$330 million over the next 10 years.

See question 19.

19. Your budget assumes that the split would be 50–50 even though that is not current law and the State has said that it would sue Uncle Sam if Congress unilaterally amended the statehood act. How then, can the Administration justify its \$1.2 billion split?

Congress has the authority to set a specific distribution for oil and gas revenues from the ANWR. Congress provided a 50–50 split when it authorized the leasing of the NPR–A. This authority was upheld in a 1996 U.S. Court of Claims decision in which the Court stated that Alaska's statehood compact did not bind the Federal Government to a 90–10 revenue split and that Congress could lower the revenue split without breaking the statehood compact. The gross receipts projection is based on the assumption that Congress would designate a 50–50 split of revenue from ANWR in legislation authorizing oil and gas leasing in the 1002 area of ANWR.

20. CBO used the Energy Information Administration's price forecast for 2020 of an average price of \$20 per barrel (in 2000 dollars) during the 2012–2040 period to prepare its \$3.3 billion estimate for bonus bids from two ANWR lease sales in fiscal year 2004 through 2006. CBO also used DOI's estimates of economically recoverable oil and gas and concluded that 2.4 billion barrels would be produced when the price was set at \$20 per barrel. That is the same figure the Clinton Administration used in testimony before our committee in the year 2000 as well.

a. What estimate of economically recoverable oil and gas did OMB and DOI use to support the \$2.4 billion estimate for one lease sale in 2004 in the fiscal year 2003 budget?

The estimated \$2.4 billion in bonus bids for one lease sale in 2004 was based on the assumption that Congress would authorize the opening of the 1002 area early in 2002 and the entire 1002 area would be offered in the first sale. The BLM utilized its professional judgment concerning geological, engineering, economic and historical evidence of industry's bidding on such prospects. The BLM did not calculate a single economically recoverable oil and gas estimate for the entire sale area. Rather, the BLM performed a prospect-by-prospect evaluation.

21. *In deciding whether to compete for a potential lease in ANWR, companies would look at the cost of the leases-bonus bids, rentals and royalties-in totaling up what the complete capital cost would be to develop that lease. It is generally understood that it would more expensive to operate in Alaska so oil companies would need to earn a higher rate of return to make it worth their while to operate there. In light of such economic realities, BP has already scaled back its operations in Alaska.*

Given the enormous up-front infrastructure costs to find and deliver ANWR oil to Prudhoe Bay, along with the lower world price of oil, on what factual basis can the Administration conclude that industry remains sufficiently eager to pay \$2.4 billion in bonus bids for the right to explore for oil and gas in ANWR?

The BLM's bonus bid estimates are dependant on a number of factors, including geology, reservoir engineering, potential for oil, economics, and the bidding results from previous lease sales. Since many of these factors are not always certain, the BLM uses its professional judgment to determine them, and reviews these factors to decide if significant changes warrant a new assessment of the bonus bid estimates. In particular, oil and gas price forecasts used in this process are not tied to annual fluctuations, but rather to long-term projections. Long-term price projections and data related to other factors have not varied greatly; therefore, the BLM believes there is not currently a need to revise the estimates. Furthermore, industry's bidding history for similar tracts suggest that these estimates are within the range of what should be expected for any ANWR lease sale.

22. *If Congress authorized a 2004 lease sale in ANWR, and if such a lease sale was not enjoined by the Courts, and the sale actually took place in 2004 - when would you expect oil production to begin? At the earliest?*

Given the potential size of discoveries there, BLM anticipates that production could occur as soon as 5 to 7 years after the first discovery. Of course, the ultimate timing of production could also depend on things like the type of environmental stipulations that Congress places in the legislation and the location of producing wells to existing infrastructure.

23. *The fiscal year 2003 budget proposes an increase in funding for geothermal activity of \$350,000 - essentially doubling the geothermal account to a total of \$700,000. While I am supportive of this enhancement, it seems a paltry sum in comparison to the \$85 million total requested for the oil and gas program. Clearly, the Administration is predisposed toward oil and gas to meet the Nation's energy needs. Even so, a greater emphasis on alternative fuels is needed if we are to achieve energy security.*

How can the Administration justify such a small expenditure for geothermal leasing when it has such tremendous potential to reduce our dependence on foreign oil?

The President's Budget reflects an advanced approach to addressing the Nation's energy needs that is consistent with current energy demands. BLM is placing additional emphasis on enhancing opportunities to develop geothermal resources through a Bureau-wide renewable energy strategy. The BLM's increased geothermal budget for fiscal year 2002 has already resulted in issuing over 50 leases and holding a competitive geothermal lease sale. Based on our experience in 2002, the BLM is requesting additional funding in fiscal year 2003 to expand the opportunities for geothermal power development. This additional geothermal funding is necessary to help us resolve our leasing and permitting backlog, which will expedite the development of geothermal resources.

24. *The President's fiscal year 2003 [budget] proposes to "move" the geothermal program into the oil and gas program within BLM. What assurances can you provide that this will not result in a diminution of geothermal activity on public lands?*

Development of geothermal resources on the public lands is an integral component of the BLM's responsibility under the President's National Energy Policy. The administrative transfer of the geothermal program into the fluid minerals program within the BLM and subsequent transfer of its accounting function is intended to simplify and make more efficient the management of the geothermal program. The funding and management transfer in no way will result in the diminishment of geothermal activity on public land. Overall, it will provide a more direct oversight on how funding for the program will be managed.

25. *What steps are BLM and the Forest Service taking to assure that oil and gas, and coal operations on public and forest lands are secure from terrorist attacks?*

The BLM is working with other Federal agencies to provide adequate security to protect the Federal lands, resources and associated facilities. All agency personnel, whether on or off duty, are requested to report any unusual activity on the Federal lands to law enforcement personnel. In addition, the oil and gas program's on-the-ground Petroleum Engineering Technicians are being trained in security matters and techniques and are becoming an important element in the BLM's security force on the public lands. The BLM is also working with other agencies and states to ensure coordination of efforts. Specific delegation of authorities and communication methods have been established to ensure that appropriate law enforcement personnel respond to any incidents. In addition, the Department has strengthened its capability to receive and transmit intelligence information, which assists in bureau readiness with the creation of a Watch Office.

26. Coalbed methane development in Wyoming has generated not only natural gas but a fair amount of local concern as well. A number of citizens who either own or use the surface but not the natural gas, such as ranchers, have contacted this Committee to take issue with the conduct of certain CBM producers. They are seeking a variety of protections, including a requirement that CBM operators secure the surface owner's consent prior to drilling. As it stands now, we're told that some surface owners discover that a CBM operation is going into operation next door when the rigs show up. This does not seem reasonable, does it? What steps is BLM taking to protect surface owners affected by CBM development?

The BLM has specific regulations and procedures concerning CBM development on split estate lands to protect the rights of surface owners. The BLM currently requests that operators, prior to onsite inspections, contact surface owners and notify them of their proposed activity. In particular, the BLM asks operators to invite surface owners to on-site inspections. Operators must incorporate the landowner concerns or desires for mitigation, existing road use, and abandonment into the Surface Use Plan (SUP) of the APD. When surface owners participate in the pre-drill onsite inspection, a BLM representative discusses the concerns and mitigation with the surface owners. Another important requirement is for the operator to submit as part of the SUP one of the following - a copy of the signed surface owner agreement between the operator and the surface owner; a certification by the operator that an agreement was reached with the surface owner; or a certification of compliance with Federal regulations (43 CFR 3814) with respect to bonding requirements for use of the surface. No surface disturbance is allowed by the BLM until the BLM approves the APD and there is compliance with these requirements. Additionally, the BLM periodically inspects and monitors the drilling and production operations to ensure compliance with all permit requirements. Upon completion of operations, BLM officials also visit the site to ensure proper abandonment and reclamation.

27. Please provide the Subcommittee with a table showing for each fiscal year the actual funds spent on Mining Law Administration from fiscal year 1991 through fiscal year 2002 and the actual revenue collected by the claim maintenance fee since its inception through fiscal year 2002.

Following is a list of the funds appropriated for Mining Law Administration since 1991; the funds expended on the Mining Law Administration program by the BLM since 1993 (the first year of its individual budget tracking by the BLM); and a list of the funds collected from the mining claim maintenance fee by the BLM since 1993 (the first year of its collection).

| | <u>Appropriations</u> | <u>Funds Spent on Program</u> | <u>Mining Claim Fees Collected</u> |
|------|-----------------------|-----------------------------------|--|
| 1991 | \$12,235,000 | - | - |
| 1992 | \$12,229,000 | - | - |
| 1993 | \$17,430,000 | \$17,185,758 | \$39,362,000 |
| 1994 | \$20,300,000 | \$20,587,822 | \$48,525,000 |
| 1995 | \$26,599,000 | \$23,899,891 | \$34,051,000 |
| 1996 | \$32,300,000 | \$28,902,001 | \$32,771,000 |
| 1997 | \$32,300,000 | \$39,096,097* | \$33,064,000 |
| 1998 | \$32,650,000 | \$42,817,784* | \$28,824,000 |
| 1999 | \$33,700,000 | \$32,862,000 | \$24,694,000 |
| 2000 | \$33,400,000 | \$32,588,000 | \$26,719,000 |
| 2001 | \$34,328,000 | \$34,539,000 | \$24,332,201 |

*In 1996, Congress allowed BLM to "carryover" unexpended balances, rather than returning the excess funds to the treasury. Prior to 1997, BLM had been accruing funds in an account designated to be expended only for recording claims and collecting mining claim fees. The costs associated with recording and collecting claim fees were considerably less than the fund balances. In 1998, Congress allowed BLM to expend these and other carryover funds on field-level mining law administration activities.

QUESTIONS FROM CONGRESSMAN RON KIND:

1. BLM is asking for \$10.2 million to speed up the handling of oil, gas and coal permits on public lands in Wyoming, New Mexico, Montana, Utah and Colorado, and to remove barriers to energy production. If this money is appropriated, what will be done to ensure environmental protection in the face of "speeding" production?

A critical component of the President's National Energy Policy is to ensure the protection of the environment while expanding domestic energy production. The BLM is committed to achieving this goal. Integral to the processing of these oil, gas, and coal permits is the BLM's preparation of the necessary environmental documentation and development of specific mitigation measures to reduce the impacts of exploration and development activities. With the requested funding for permit processing, the BLM will be able to complete more permits and associated environmental documentation, while maintaining sound environmental standards.

a. What protection measures have been or will be implemented to protect Arches and Canyonlands National Parks in your agency's search for oil?

The BLM closely coordinates with all land management agencies, including the National Park Service (NPS), when proposed oil and gas development activities may impact adjacent Federal lands. All NPS concerns and issues are considered during the land use planning process and have resulted in removing parcels from lease consideration. When a lease is issued, the BLM continues to coordinate with the appropriate NPS unit when reviewing APDs and preparing NEPA documentation. The NPS concerns are again taken into consideration and specific mitigation measures are developed to reduce potential development impacts, such as low-profile equipment, strategic location of facilities, coloration and orientation of equipment, shielded lighting, and engine and compressor mufflers.

2. BLM has requested another \$14 million to "speed up" work on amending outdated land use plans.

a. Can you provide an overview of the status of planning at this point? Can you also break down for me the amount of planning funding being allocated within each of the broad categories: oil & gas, mining, grazing, conservation, recreation?

Increased appropriations in 2001 and 2002 have allowed the BLM to make progress in updating existing plans and begin to develop 27 plans for newly designated conservation areas. The BLM has initiated a total of 81 new plans, revisions, and priority plan amendments. These projects focus on mandates from Congress, the Administration, and the courts, as well as high-priority national issues such as energy development and newly-designated conservation areas. Each plan establishes management direction for roughly one to two million acres of public land.

They are developed with extensive public involvement, take an average of three years to compete, and are prepared in conjunction with an analysis of environmental impacts as required by NEPA. These planning efforts are done in close communication, cooperation, and consultation with local citizens, stakeholders, county, State, and tribal agencies.

In 2001, the Bureau completed the El Malpais National Conservation Area Resource Management Plan; amended 33 plans; and initiated the development of 29 plans. In 2002, the Bureau expects to complete seven land use plans; amend 52 plans; and initiate the development of 18 new plans. These projects for 2002 include 21 expedited plans that will address critical issues focusing on energy development and the newly-designated conservation areas. These high priority plans are all currently on schedule for planned completion in either 2002, 2003 or 2004. With increased funds requested in the President's 2003 budget, the BLM proposes to complete eight plans and amend 51 existing plans. (See the attached appendix table that displays the complete funding levels and status of the BLM land use plans by state.)

It is not possible to break down the overall planning funding being allocated within each of the broad resource management categories. However, of the plans in progress which will be funded in the President's proposed fiscal year 2003 budget, approximately one third involve National Landscape Conservation System (NLCS) units; approximately one third are considered to have energy development as a major issue; and approximately one third are located outside the NLCS and major energy development areas. Of the \$14 million requested program increase, approximately \$3 million and \$7 million, respectively, is allocated to plans being developed or amended in the NLCS and energy-development areas.

b. BLM acknowledges that many of these land use plans - Resource Management Plans (RMP) - are out of date and do not account for heightened scenarios of oil and gas development, not to mention coal bed methane (CBM) development. If this is true, then why is BLM leasing federal lands for oil and gas during the interim? Shouldn't leasing for oil and gas, and particularly CBM, await the final decisions of the amended RMPs?

The BLM is in the process of evaluating and updating its land use planning base. Prior to completing new plans, the BLM will use existing plans to lease any oil and gas resources. Lands that have been identified as open for leasing under an existing Resource Management Plan/Environmental Impact Statement (RMP/EIS) may continue to be leased during a plan revision or amendment process unless development impacts exceed the scope of the original EIS reasonably foreseeable development scenario. In such cases, the BLM would likely defer a particular RMP leasing decision or complete additional environmental review prior to leasing.

While an RMP is being amended or revised, the BLM will continue to process site specific permits, sundry notices, and related authorizations on existing leases while ensuring compliance with NEPA and other laws, regulations, and policies. Prior to authorizing an APD on an existing lease, a thorough environmental review is conducted in compliance with NEPA. This review will consider the effects of approving the APD, including the cumulative effects on other resources. The BLM will then place conditions on the approval of the APD, as necessary, to protect other resources.

c. Is the purpose of "speeding up" RMP amendments throughout the west to accommodate the interests of the oil and gas industry? Shouldn't the true focus be on taking the necessary time to develop land use plans that properly balance all natural resources, listen to the concerns of the public, and to the best extent possible, develop mitigation measures and lease stipulations to protect other multiple uses?

The BLM is using planning funds to expedite 21 land use plans and plan amendments critical to the interests of the Nation. Each plan and amendment considers a broad array of resource issues and multiple uses. Nearly half of these expedited plans (10) focus on units of the National Landscape Conservation System, which are driven by legislatively- or administratively-required completion dates or by litigation. Oil and gas development is the major planning issue for seven expedited multiple-use plans and amendments. In three other plans, environmental protection issues and energy development issues are approximately equal in priority. The remaining plan was expedited because of significant population growth, and its effects on the state and local communities warranted action to protect resources and manage changing uses on the public lands.

Even though the BLM is expediting these 21 plans and amendments while it works on several dozen others, the BLM is also redesigning the planning process to engage more actively the public's participation. The BLM is more committed than ever to a truly collaborative planning process. We believe the public will realize an

advantage in an expedited process. In the past, it was difficult for the public to maintain their interest in a process that took four or five, years or longer to complete. In the more streamlined planning process, the BLM works more closely with the public, seeking their active participation in a more collaborative forum, thereby balancing all affected interests.

3. How does BLM intend to balance its multiple-use mission to protect the rich diversity of its natural resources such as those found in Jack Morrow Hills?

As with all major plan amendments and new Resource Management Plans, the BLM is undertaking an extensive planning and environmental impact statement (EIS) process in the Jack Morrow Hills area that includes the consideration of all interests and resources. The Jack Morrow Hills plan amendment to the Green River RMP will assess all issues, including critical big game habitat, wilderness study areas, recreation, scenic quality, and soil stability along with the possibilities for energy development. Public comments on this plan focused on collaboratively building land use planning decisions. It is anticipated that the final Record of Decision for this plan amendment will be issued in November 2002.

4. How much of the \$14 million is allocated to the minerals extraction portion of RMPs? Is there an appropriate balance of this requested money that will go to other BLM programs such as wildlife, threatened and endangered species protection, watershed improvement, recreational use, and protecting historical and cultural resources?

Resource Management Plans are developed to guide the management of many resources, including minerals, energy, soil, water, air, cultural, wilderness, forage production, and others. (Also see response to question 2a.) It is not possible to break down the planning funding being allocated within each of these resource management categories. Even a plan amendment with a primary issue such as "energy development" must consider the development of energy resources in the context of the use and protection of all other important resources within the area.

5. Can you assure this committee that all areas protected within the National Landscape Conservation System will be avoided?

Energy development within units of the National Landscape Conservation System (NLCS) will be consistent with the provisions establishing each unit. For example, many of the National Conservation Areas (NCAs) established by Congress withdrew these areas from mining and mineral development, while respecting valid existing rights. The BLM will, of course, follow those Congressional proscriptions. Likewise, the Presidential Proclamations that established a number of BLM-managed national monuments withdrew those areas from mining and mineral development subject to valid existing rights. However, in the case of the Canyons of the Ancients National Monument in Colorado, the Presidential Proclamation establishing the monument specifically allows for new leasing within the Monument in particular circumstances. If development is authorized, the activities will be closely monitored to ensure that all mitigation measures are implemented to protect the environment, including reclamation after the development activity is completed.

6. In a recent New York Times article, one of your field supervisors was quoted in a memo as saying, "Utah needs to ensure that existing staff understand that when an oil and gas lease parcel or when an application for permission to drill comes in the door, that this work is their No. 1 priority."

a. Can you tell me where in FLPMA does it state that managers should overlook the agency's other mandates in the name of energy development?

FLPMA directs the BLM to manage the public lands and natural resources using the principle of multiple use, and mandates that no one resource or use of the public lands should be primary. All BLM managers are required to adhere to the principles of FLPMA when making their land use management decisions.

b. Can you share with this committee your plans to clearly direct state and field managers to provide the necessary balance of uses - outlining an appropriate balance between conservation; recreation and extractive uses?

As noted above, FLPMA clearly establishes the direction for BLM - including state and field managers - to provide a balance under its multiple-use mandate. This is inherent in the BLM's land use planning process, which provides for extensive public input to ensure this balance is achieved. The provisions of FLPMA are set forth in the Bureau's regulations, manuals, and handbooks, and they will continue to serve as the guidance for our state and field managers to utilize when making land use decisions.

7. BLM just released a draft EIS for 51,000 coal bed methane wells in Wyoming's Powder River Basin.

a. *The plan analyzes no new or developing technologies designed to lessen impacts from the billions of gallons of produced water that will be dumped onto the ground. How does this square with this Administration's promise to the American public to lessen the footprint of increased production of public resources by using the latest and best technologies?*

Several water handling methods were analyzed in the draft EIS. All of the methods analyzed meet the requirements of the State of Wyoming water quality standards. The methods include surface discharge, passive and active treatment, infiltration, containment, land application and injection. Based on comments from the initial public scoping process and during the development of the alternatives, it was determined that these water handling methods fully complied with the NBPA requirements of being reasonably foreseeable, as well as being both technically and economically feasible. The surface disposal alternative was identified as preferred because it would result in fewer surface disturbance impacts.

b. *How does the preferred alternative's call for dumping 90% of this water onto the ground untreated square with BLM Onshore Order No. 7's mandate that the primary method for oil and gas produced water is through injection back into the aquifers?*

BLM's Onshore Order No. 7 does not solely mandate injection of produced water. The Order promotes injection of produced water; however, it allows for other methods of disposal, including discharging into pits, and other acceptable methods, such as surface discharge via a National Pollution Discharge and Elimination System permit. In the preferred alternative of the draft Powder River Basin EIS, the method of water handling varies by watershed, with approximately 50% being discharged at the surface for beneficial use.

c. *Why were the recommendations of a Citizen's proposal submitted to BLM not analyzed in the EIS? The citizen's proposal added another alternative to the mere two BLM analyzed in the DEIS - both of which allowed for the full amount of wells asked for by industry and neither of which seriously considered mitigation measures to reduce impacts. With CBM development exploding all over the West, is this the type of analysis we should expect from BLM in the future?*

Regarding the Powder River Basin draft EIS, all reasonable alternatives submitted during the scoping period, which began in June 2000, was reopened in November 2000, and closed in January 2001, were considered. The Citizen's proposal was submitted to the BLM for consideration on October 9, 2001, after the closing date. By October, the analysis of the alternatives for the draft EIS had already been completed, and the preliminary draft was provided to cooperating agencies for review prior to completion of the draft EIS. At that time, the Citizen's proposal was reviewed and it was noted that it contained mostly mitigation measures which were already incorporated into the draft EIS. However, there is another opportunity for them to provide additional issues or concerns on the draft EIS during the comment period which closes on April 18, 2002. All comments received on the draft EIS will be considered, as appropriate, in the preparation of the final EIS.

The BLM is committed to meaningful collaboration with the public, local and national interest groups, state governments, and industry. The BLM will continue to make concerted efforts to ensure that the public has an opportunity to participate in all land use decision processes.

APPENDIX I

Project Summary Table
Land Use Planning
 FY 2003 (Proposed)
 (\$000s)

| State | Planning Effort | 2002 | 2003 | Compl. Date | Public Concerns |
|-------|--|--------------|--------------|-------------|--|
| AK | Colville River Special Area Multiple Use Activity Plan - Fairbanks | 125 | 222 | 2004 | Recreation, Wildlife, Subsistence |
| | Ring of Fire Resource Management Plan - Anchorage | 640 | 1,300 | 2005 | Recreation, Energy Transportation, Wilderness, Subsistence, Oil&Gas Leasing |
| | East Alaska RMP - Glennallen | 0 | 524 | 2005 | Recreation, Wilderness, Native Subsistence |
| | National Petroleum Reserve NW Plan | 0 | 0 | 2004 | Funded by Congressional Appropriation |
| | Total | 765 | 2,046 | | |
| AZ | Grand Canyon-Parashant NM RMP, Vermilion Cliffs NM RMP, & Arizona Strip RMP Revision | 800 | 840 | 2004 | Access, Range Health, Visitor Use, Wilderness, Recreation |
| | Agua Fria NM RMP, Bradshaw Amendment | 850 | 1,309 | 2004 | Cultural, Recreation, Urban Interface |
| | Lake Havasu RMP | 350 | 434 | 2004 | Recreation, Energy Transportation, Access |
| | Lower Gila/Sonoran Desert NM RMP, Barry Goldwater Amendment | 150 | 1,000 | 2005 | Access, Utility Corridors, Special Status Species, Range Health, Recreation, Wilderness |
| | Ironwood NM RMP, Sonoran Desert Conservation Plan Amendment | 250 | 900 | 2004 | Access, Utility Corridors, Special Status Species, Range Health, Recreation, Wilderness |
| | Total | 2,400 | 4,483 | | |
| CA | California Desert Amendment, West Mojave Desert | 250 | 500 | 2003 | Lawsuit Requirement, Sensitive Species, Solar and Wind Energy, Energy Transportation, Recreation |
| | NE California RMPs: Alturas, Eagle Lake | 500 | 1,450 | 2004 | Energy Transportation, Geothermal Energy, Range, Riparian, Habitat, Recreation, Special Status Species |
| | E San Diego County RMP | 200 | 208 | 2004 | Grazing, Special Status Species, Recreation, Native American Cultural Resources |
| | Santa Rosa - San Jacinto NM RMP | 250 | 670 | 2003 | Legislative Requirement, Special Status Species, Wilderness |
| | California Coastal NM RMP | 150 | 264 | 2004 | Interagency Management, Wildlife, Cultural Resources |
| | King Range NCA RMP | 220 | 220 | 2004 | Special Status Species, Recreation, Land Tenure, Wilderness |

| State | Planning Effort | 2002 | 2003 | Compl. Date | Public Concerns |
|-------|--|--------------|--------------|-------------|---|
| | Headwaters Forest Management Plan | 0 | 0 | 2003 | Funded by Congressional Appropriation: Mgt. of Former Land Acquisition, Old Growth Forest, Recreation, Special Status Species |
| | Ukiah RMP | 0 | 250 | 2005 | Land Tenure, Energy Transport, Fire, Recreation, Geothermal Energy, Wind Energy |
| | Total | 1,570 | 3,562 | | |
| CO | Gunnison Gorge NCA RMP | 550 | 250 | 2003 | Legislative Mandate, Recreation, Wilderness |
| | Northwest Colorado Coalbed Methane Assessment | 75 | 350 | 2005 | Coalbed Methane, Special Status Species, Groundwater |
| | Glenwood Springs, Roan Plateau Area Plan Amendment | 400 | 135 | 2003 | Transfer of Naval Oil Shale Reserves, Oil&Gas leasing, Wilderness |
| | Grand Junction & Little Snake (Bangs Canyon-South Shale Ridge-Vermillion) Amendments | 250 | 61 | 2003 | Wilderness, Recreation, Oil&Gas, Coalbed Methane |
| | Colorado Canyon NCA RMP | 200 | 174 | 2003 | Legislative Requirement, Wilderness, Recreation |
| | Canyons of the Ancients NM RMP | 400 | 519 | 2004 | Cultural Resources, Recreation |
| | Total | 1,875 | 1,489 | | |
| ES | Lower Potomac River Coord. Activity Plan, VA | 40 | 20 | 2003 | Recreation, Cultural, Open Space |
| | East Lynn Lake, WV Planning Analysis | 30 | 30 | 2003 | Coal Leasing |
| | Mississippi & Alabama RMPs (new) | 115 | 75 | 2004 | Mineral Leasing |
| | R.D. Bailey COE Planning Analysis, WV | 23 | 100 | 2004 | Natural Gas Leasing |
| | High Tor Plan Planning Analysis, NY | 100 | 100 | 2004 | Natural Gas Leasing |
| | Total | 308 | 325 | | |
| ID | Birds of Prey NCA RMP | 330 | 487 | 2004 | Legislative Requirement, Energy Transportation, Special Status Species, National Guard Activities |
| | Bruneau RMP | 300 | 527 | 2004 | Energy Transportation, Recreation, Urban Interface |
| | Pocatello/Malad RMP Revision | 300 | 800 | 2005 | Land Tenure, Energy Transportation, Recreation, Mineral Leasing |
| | Craters of the Moon NM Plan | 280 | 327 | 2004 | Recreation, Joint with Park Service, Energy Transportation |
| | Total | 1,210 | 2,141 | | |
| MT | Dillon RMP | 800 | 800 | 2005 | Litigation, Oil&Gas, Vegetation, Watershed, Special Mgt. Areas,, Special Status Species |

| State | Planning Effort | 2002 | 2003 | Compl. Date | Public Concerns |
|-------|---|--------------|--------------|-------------|---|
| | Upper Missouri River Breaks NM RMP | 200 | 1,000 | 2004 | Lewis & Clark Sites, Recreation, Oil&Gas, Wildlife |
| | Canada Lynx Amendments to Headwaters and Garnet RMPS and Dillon Plans | 0 | 50 | 2003 | Special Status Species |
| | Headwaters RMP Revision | 0 | 800 | 2006 | Oil&Gas Leasing, Wind Energy, Wildlife, Recreation, Watershed |
| | Total | 1,000 | 2,650 | | |
| NM | Socorro RMP Revision | 200 | 437 | 2003 | Oil&Gas, CO2, Geothermal Energy, Energy Transportation, Recreation, Urban Interface, Special Status Species |
| | MacGregor Range Plan Amendment | 540 | 150 | 2003 | Military Planning Requirement, Recreation, Minerals, Special Status Species |
| | El Camino National Historic Trail Plan | 200 | 172 | 2003 | Legislative Requirement, Multi-agency, Recreation |
| | Kasha-Katuwe Tent Rocks NM RMP | 0 | 150 | 2004 | Administratively Required, Watershed Restoration, Land Tenure, Recreation, Urban Interface, Native American |
| | Total | 940 | 909 | | |
| NV | Pine Nut Mountain Plan Amendment | 400 | 301 | 2004 | Urban Interface, Recreation, Vegetation Mgmt., Fire |
| | Black Rock Desert-High Rock Canyon Emigrant Trails NCA RMP | 500 | 373 | 2004 | Legislative Requirement, Recreation, Wilderness |
| | Las Vegas Multi-species Habitat Conservation Plan - Amendment | 70 | 370 | 2005 | Special Status Species, Recreation, Land Tenure, Right of Ways |
| | Winnemucca RMP | 0 | 500 | 2006 | Land Tenure, Energy, Fire, Recreation |
| | Total | 970 | 1,544 | | |
| OR | Steens Coop Mgmt Area Plan /Andrews RMP | 560 | 903 | 2004 | Legislative Requirement, Recreation, Grazing |
| | Owyhee Wild & Scenic River Plan Amendment | 150 | 20 | 2005 | Court Ordered, Wild & Scenic River, Water Quality |
| | Western Wash. RMP | 200 | 550 | 2004 | Geothermal, Oil & Gas, and Coalbed Methane Leasing, Land Tenure |
| | Lakeview RMP | 320 | 30 | 2003 | Recreation, Special Status Species |
| | Cascade Siskiyou NM RMP | 0 | 0 | 2003 | Funded by Oregon & California Appropriations |
| | Upper Deschutes RMP Revision | 490 | 455 | 2003 | Recreation, Minerals |
| | Total | 1,720 | 1,958 | | |
| UT | Vernal RMP Revision | 900 | 841 | 2004 | Oil&Gas, Recreation, Special Status, Wilderness, Species, |
| | Price River RMP | 900 | 1,097 | 2004 | Oil&Gas, Coal, Energy Transportation, Wilderness, Special Status Species, Recreation, |

| State | Planning Effort | 2002 | 2003 | Compl. Date | Public Concerns |
|-------|--|--------------|--------------|-------------|---|
| | Richfield RMP | 860 | 1,031 | 2004 | Energy Transportation, Coal, Recreation, Wilderness, Special Status Species |
| | San Juan RMP Revision | 75 | 840 | 2005 | Oil and Gas, Recreation, Energy Transportation, Special Status Species |
| | Total | 2,735 | 3,809 | | |
| WY | Powder River Basin Regional Assessments (Buffalo RMP, Casper RMP) | 700 | 250 | 2006 | Preparation for Land Use Plan Development |
| | SW Wyoming Regional Assessments (Rawlins, Pinedale, Kemmerer, Rock Springs RMPs) | 850 | 500 | 2006 | Preparation for Land Use Plan Development |
| | Rawlins RMP Revision | 200 | 1,259 | 2005 | Oil&Gas, Energy Transportation, Urban Interface, Special Status Species, |
| | Pinedale RMP Revision | 500 | 1,259 | 2005 | Oil&Gas, Energy Transportation, Urban Interface, Special Status Species, Recreation |
| | Snake River RMP | 80 | 165 | 2003 | Land Tenure, Urban Interface, Special Status Species, Recreation |
| | Jack Morrow Hills Plan Amendment | 0 | 300 | 2003 | Oil&Gas, Energy Transportation, Wilderness, Recreation, Open Space |
| | Kemmerer RMP Revision | 230 | 1,300 | 2006 | Oil&Gas, Coal, Energy Transportation, Urban Interface, Special Status Species, Recreation, Wind Energy |
| | Casper RMP Revision | 0 | 1,200 | 2006 | Oil&Gas, Coal, Energy Transportation, Special Status Species, Recreation |
| | Total | 2,560 | 6,233 | | |
| BW | Vegetation Management EIS | 426 | 200 | 2003 | Vegetation Treatments: Prescribed Burning, Biological Control, Cultural Practices, Mechanical, Chemical |
| | Threatened & Endangered Species Consultation on LUPs | 350 | 2,000 | ongoing | Plan Amendments to address compliance with the Endangered Species Act |

Note: The cost estimates in this table are subject to change, depending on changing priorities and the refinement of the scope and schedule of the individual planning projects.

BW - Bureau-wide or multi-State assessments, Environmental Impact Statements, or support costs.

ADDITIONAL SUBCOMMITTEE QUESTIONS DIRECTED TO DIRECTOR CLARKE DURING 2/14 HEARING

1) Rep. Gibbons:

"...I guess my first question would be just a generalized question if you could help me out and better understand how much of the United States' energy needs are met by fossil fuel versus renewable fuels today, in a percentage basis?"

The Department of Energy's Energy Information Administration (EIA) maintains the statistics for energy production and consumption within the United States. According to EIA's Monthly Energy Review from January 2002 (Table 1.4; Energy Consumption by Source), for the Year 2000, total fossil fuel consumption is 84.113 Quadrillion Btu (QBtu), or 85 percent of the total; and total renewable energy consumption is 6.9 Qbtu or 6 percent of total consumption.

The following is a detailed commodity list from EIA of consumption by source for the Year 2000:

- Coal - 22.4QBtu (22.7%);
- Natural Gas - 23.1 QBtu (23.4%);
- Petroleum - 38.4 QBtu (38.9%);
- Nuclear Power - 8 QBtu (8%);
- Hydroelectric Power - 3.15 QBtu (3.2%);
- Biomass (wood, waste, alcohol) - 3.3 QBtu (3.3 %);
- Geothermal - 0.32 QBtu (<1%); and
- Solar, and Wind - 0.12 QBtu (<1%).

2) Rep. Inslee:

“...So, from what you have seen to date and looking at the budget that we are looking at, does the Federal Department of Interior’s efforts in those directions as far as vehicle efficiency, building energy use efficiency, use of alternative fuels, does the Federal Department of Interior match the State of Utah’s Department of Natural Resources that you have just described?”

Within the Federal government, the Department has played a significant role in demonstrating the application and viability of renewable energy-related technologies. Solar-powered photovoltaic (PV) systems are successfully operating at National Parks and Refuges, Bureau of Land Management, Bureau of Reclamation, Geological Survey facilities, and Native American Schools. PV systems are used for facility power, lighting, water pumping and heating, electric fences and resource monitoring, particularly at remote off-grid locations and have become cost-effective power sources. Currently, bureau facilities use approximately 600 PV systems and 40 solar hot water systems to provide an off-grid power supply. These systems generate about 1,000 megawatt hours of electricity annually (enough for about 90 houses). Geothermal projects have also been successfully employed or are planned at several National parks and refuges nationwide and native Americans schools.

In planning for renewable energy systems for their facilities, managers consider the amount of energy generated, cost, environmental impact, and technical feasibility. The Department requires its engineers to implement the use of low-risk, passive solar strategies, as appropriate, in the design of new buildings.

Our facility managers nationwide continue to look for opportunities, seeking support through partnerships with the Department of Energy (DOE), State and regional governments, industry, utilities and other non-governmental organizations, to apply innovative and unique renewable energy technologies in meeting facility energy management needs. An example of innovative partnerships is the Green Energy Parks Program, in which Interior’s partnering with DOE has resulted in the implementation of and plans for PV and other solar energy projects in several national parks. Interior continues to work with DOE Energy Laboratories such as the National Renewable Energy Laboratory (NREL), Sandia National Laboratory and Lawrence Berkeley National Laboratory to identify opportunities to use solar energy generating technologies at facilities nationwide and on Native American lands.

The Department has also been a successful contributor to the Federal government’s effort to acquire and use new energy efficient and environmentally sound transportation technologies through cost-sharing public/private partnerships. Currently, Interior has 1,200 vehicles in the fleet that can be powered by natural gas, LPG, ethanol, methanol, bio-diesel and electricity. Use of cleaner burning motor vehicles is important in Interior’s effort to be good stewards of the nation’s publicly owned lands and resources. Interior has extensive experience with the use and application of alternative fueled vehicles (AFV) dating back to the 1970’s.

The Department continues to work and partner with the Department of Energy, Department of Transportation, General Services Administration, State and local governments, industry, manufacturers, and others to help expand the use of AFVs and the availability of fueling and servicing infra-structure. Interior has established a significant number of high profile AFV initiatives that demonstrate our commitment to the use of AFVs in light duty vehicles, as well as transit vehicles and medium and heavy duty vehicles.

In a broader endeavor, the Department has sought to use environmentally preferable practices and products in conducting mission-related activities. In response to Executive Order 13101, the Department developed the Strategic Plan for Greening the Department of the Interior Through Waste Prevention, Recycling and Federal Acquisition. One of the identified objectives of this Strategic Plan is to reduce energy use and greenhouse gas emissions associated with Interior operations. The Plan outlines goals and strategies to be pursued by DOI facilities to reduce the generation of waste, to recycle resources, and to incorporate environmental considerations into acquisition actions. Sustainable design and construction principles guide DOI facility managers to not only consider the energy efficiency of the building envelope, but also to consider the energy embodied in the construction products selected. That is, the associated energy used in all of the product’s lifecycle phases, from manufacture, distribution, use, through disposal. Sustainable or environmentally preferable products and services, including those which have less associated consumed energy and greenhouse gas emissions, are to be given preference by DOI facility managers.

Interior’s use of compostable food serviceware in the Main Interior Building’s cafeteria, composed of biobased starches instead of petroleum hydrocarbons, is another example of an environmentally preferable product. Greenhouse gas emissions associated with the manufacture of these plates are lower by approximately 50% (includ-

ing 30% less energy use) than a conventional equivalent foam polystyrene plate. Working in conjunction with the Departments of Agriculture and Energy, Interior is seeking to pilot test more biobased products that have the potential to reduce our reliance on foreign oil while promoting the development and use of renewable domestic resources. Interior's Annual Performance Plan submitted to Congress this year identifies specifically the use of biobased lubricating and hydraulic oils as a goal to be pursued at all DOI facilities. Using biolubricants in small equipment engines (such as marine engines, lawn mowers, snowmobiles, etc.) has the additional benefit of reducing the emissions associated with petroleum combustion.

Energy use and greenhouse gas emissions are two environmental aspects that should be considered in the analysis of a facility's environmental performance. Interior is now framing its approach to promoting the development of environmental management systems.

3) *Rep. Inslee:*

"...Does the Department anticipate setting any internal limits for itself on global climate change gas emissions from its lands? For instance, do you anticipate saying we are going to only have this amount of emissions associated with energy production on our lands and set a goal for nonclimate change emission standards? Is that in your game plan at all?"

The Department manages its lands for a multiplicity of purposes and uses, including conservation of habitat and species, maintenance of ecosystem health, public recreation, meeting the nation's Indian trust responsibilities, agricultural leasing, logging as well as the extraction and development of mineral and renewable and nonrenewable energy resources. All of these activities can positively or negatively affect greenhouse gas (GHG) emissions. Activities such as reforestation, coal bed methane capture, and clean power production (hydroelectric, geothermal, and wind) reduce GHG emissions. Other activities, such as oil, gas, and coal extraction add to our GHG emissions. Still other activities such as wetlands conservation have a more complicated contribution to GHG emissions, serving as a carbon sink but also promoting anaerobic activities and the release of methane gas. Carbon sequestration in soil is equally if not more complicated. These emissions vary significantly depending on: the type, depth, and composition of soil; the type of activity being undertaken and thus the nature of the disturbance; the frequency of the disturbance; the age distribution of the vegetation on the land; and so on.

The Department feels quantifying the impact of all of these activities on emissions is not practical and may not be possible given the current limitations of the science. As the administration improves the voluntary emissions reduction registry, including the development of accounting rules and guidelines, for crediting sequestration projects, we may examine whether keeping track of the changes in the quantity of GHG emissions on the Department's lands would be practical.

The Department of Agriculture's response to questions submitted for the record follows:]

**Responses to Questions Submitted for the Record to Dale N. Bosworth,
Chief, Forest Service, U.S. Department of Agriculture**

QUESTIONS FROM CHAIRMAN BARBARA CUBIN

1. When doing land planning, what attempt is made to identify areas that are favorable for minerals, oil and gas, geothermal energy, etc? During the scoping process do you consult with your own geologists, other federal agencies like the U.S. Geological Survey, state geological surveys, and industry to identify mineral and energy resource rich areas so that they can be considered in the planning process as a "reasonably foreseeable development"? If not, why?

Answer - During land management planning geologic maps and descriptions are reviewed and interpreted. Favorable areas for mineral occurrence are described, and areas of existing and potential activity identified. This is done using the best information available regardless of source. Reasonably foreseeable scenarios are not generally identified during the planning process because the nature and scale of activities that might occur are unknown.

2. At a hearing on geothermal energy, witnesses testified that the Forest Service has never acted on lease applications for thousands of acres in northern California and the Pacific Northwest. Many of these applications were in known geothermal

areas. *What is the problem, and does the Forest Service fiscal year 2003 budget request include money to remedy this situation?*

Answer - With respect to the lease applications in northern California, we had determined that further environmental analyses was necessary, and funding has not been available given other priorities within the Region. Subject to receiving the increased funding for energy requested in the President's Budget for fiscal year 2003 the analyses will be undertaken. However, given the environmental settings it is likely that the analyses will be multi-year and controversial. With respect to the Pacific Northwest applications, all are in spotted owl habitat. Before undertaking the environmental analyses for those applications we would first verify that the applicants wish us to proceed. We would then undertake what would likely be multi-year analyses in fiscal year 2003, subject to receiving the increase requested in the President's Budget.

3. Regarding mineral and geothermal energy lease applications, what kind of coordination is there at the district level between the Forest Service and BLM? Is there any sort of formal procedure for handling the application once it is received from BLM and acting on the application in a timely manner?

Answer - Yes, we have a formal Memorandum of Understanding with the BLM to facilitate processing of lease applications.

4. We have received numerous complaints over the past year that the Forest Service usually takes even longer than BLM to process oil and gas drilling permits. What are the reasons for this and how can you reduce the processing time to 30 days or less.

Answer - In general applications for drilling permits on NFS lands involve more controversy, which compels us to do additional environmental analyses and public disclosure. However, as part of our Action Plan to implement the National Energy Policy we are currently reviewing all aspects of oil and gas drilling permits with the BLM to determine ways to streamline processing.

5. What is the status of the roadless area initiative?

Answer - The U.S. District Court of Idaho has enjoined us from implementing the Roadless Area Conservation rule. That decision is currently under appeal to the Ninth Circuit Court of Appeals. In total, nine lawsuits have been filed in six judicial districts and four circuits. Five of the lawsuits were filed by states (Alaska, Idaho, North Dakota, Utah, and Wyoming). Two other states (Colorado and Montana) have submitted filings in the Idaho litigation.

6. We understand that there are cases where operating mines are bypassing coal due to the Roadless Rule. Since coal bypassed in a mining operation is very rarely recovered later, this would cause a significant loss in federal royalties. Is this the case? If so, shouldn't this situation be corrected so that federal revenue is protected?

Answer - We are not aware of any coal that has been bypassed. However, if the rule were to be implemented without modification there would be substantial amounts of coal, and oil, gas, phosphate, and other minerals that would not be developed.

7. During the rulemaking for the roadless rule, did the Forest Service make any estimate of the lost federal royalty on minerals, coal and oil and gas resources included within roadless areas? If so, what is the estimate of the lost royalties? What is the state share of these lost royalties itemized by state? If not, why wasn't an analysis of state shares of lost royalty revenue made as part of the rule's impact in compliance with Executive Order 12866, especially subparts (6), (9) and (11).

Answer - There were no estimates made of lost federal royalties. However, to the extent that resources were classified as known reserves, certain estimates of total values were included in the Regulatory Impact Analysis. The Regulatory Impact Analysis also estimated that there were 11.3 trillion cubic feet of undiscovered natural gas and 550 million barrels of undiscovered petroleum that was potentially underlying inventoried roadless areas. The value of the natural gas resources was estimated at \$23 - \$34 billion. Eighty-three percent of the resources fall within nine "play" areas (as defined by USGS) within the Colorado Plateau/Basin and Range and Rocky Mountain/Northern Great Plains. Since these were estimated undiscovered resources, lost royalties were not estimated. Estimates of the portion of federal royalties that would be distributed to States were made for selected states and commodities. With respect to coal in the Grand Mesa, Uncompahgre, and Gunnison National Forest, the reduction in payments to Colorado (and counties) was estimated at \$2.1 million per year. With respect to phosphate in the Caribou National

Forest, the reduction in payments to Idaho was estimated at \$1.3 million per year. We believe the Regulatory Impact Analysis to be in compliance with E.O. 12866.

8. What is the current status of prospecting for lead exploration in southeast Missouri?

Answer - A Decision Notice was signed by the Supervisor of the Mark Twain NF (which produces over 60 percent of the nation's lead) on February 14, 2002. The Decision Notice recommended the Regional Forester consent to BLM issuing seven prospecting permits that could result in drilling of 231 exploration holes over a two-year period on 8,756 acres. Given the controversy associated with these prospecting permits it is likely the decision will be appealed.

9. Regarding the \$5 million increase for implementing the National Energy Policy in the President's fiscal year 2003 budget, can you be more specific as to what the Forest Service plans to use this money for?

Answer - Priority will be given to facilitating the orderly development of coal bed methane (CBM). Environmental analyses of CBM development, particularly with respect to surface and ground water, will require extensive coordination between Forests, Regions, BLM, and other federal and State agencies. Trillions of cubic feet of gas are at stake. We have already received hundreds of applications to drill wells and construct facilities for CBM development. About 60 percent of the increased funding in fiscal year 2003 will go toward CBM development. Approximately \$500,000 will be used to expedite geothermal leasing in California and the Pacific Northwest, and the remainder will be used to ensure timely processing and proper inspection and monitoring of additional energy operations nationwide, including operations involving private minerals within NFS lands.

10. EPCA 604 inventory has been fast tracked, with reports on the five major Rocky Mountain basins that produce oil and gas to be completed this spring. How will the results of this study be used by the USFS?

Answer - The results will be used to determine whether changes are needed to existing Forest Plans and policy in light of the National Energy Policy.

11. In your statement, Mr. Thompson, you suggest that the \$5 million increase to the energy and mineral program will be used to increase the number of coal bed methane (CBM) projects on National Forest Service (NFS) lands in the Rocky Mountain States. For NFS land with reserved and outstanding mineral rights underlying the surface, can a mineral owner simply begin drilling without the Forest Service's permission?

Answer - No. In the case of "reserved" mineral rights we process the proposed development in accordance with the Secretarial Orders that were made part of the deed reserving the mineral rights to the private owner. A NEPA analysis is done and mitigation measures providing appropriate protection for Forest uses and users are required. In the case of "outstanding" mineral rights we review the proposed activity, and negotiate appropriation mitigation measures with the private owner. The activity does not require approval from the Forest Service; however, the operator must still comply with the Endangered Species Act, the National Historical Preservation Act, and other relevant federal and State statutes.

12. Describe the process the Forest Service requires of mineral owners who want to develop coal bed methane affecting the National Forest System lands.

Answer - Basically we require sufficient information to understand the proposed activity. This information is either required as part of the requirements under a Secretarial Order made part of deeds conveying reserved rights, or are required under the various "reasonable accommodation" statutes of the States that define the relationship between a surface owner/administrator and a minerals developer. The Forest Service then proceeds as described above in answer to question 11.

13. Is this process different from what happens on lands where the Forest Service has fee-simple title to both the surface and subsurface estates?

Answer - The process is very similar even though the authorities stem from very different sources, e.g., regulations, deeds and Secretarial Orders, and State laws. One important difference involves appeals. Because there is no decision being made when outstanding mineral rights are involved, there is no instrument for the public to appeal.

14. *Of the overall increase in your budget for energy and minerals, how much will be allocated to the enforcement of existing stipulations and environmental standards for oil and gas wells on National Forests?*

Answer - Very little of the increase is needed to improve current enforcement for existing wells. Other than short-term situations that will always arise, we have not had much problem in this regard on oil and gas leases. In large part this is due to the excellent cooperation from lessees and operators.

15. *How much of the overall budget is needed to clean up idle and orphan wells on the National Forests that have been left unclaimed?*

Answer - None. The few orphaned wells on NFS lands are mostly in the East and involve reserved or outstanding mineral rights. We do not have much information on the number of these wells or the costs to reclaim. We have in the past relied upon the assistance and cooperation of BLM (with authority and expertise for down-hole problems), State agencies, and EPA for funding and assistance.

16. *Since coal bed methane is considered a non-conventional fuel, how does the Forest Service treat the analysis of coal bed methane development impacts differently from conventional fuel sources?*

Answer - Actually, CBM development is very similar to traditional oil and gas development except as to scale and the unique issues related to de-watering. The reservoirs (coal) are generally widespread, requiring a large number of shallow wells over very large geographic areas. The large number of wells itself raises issues, particularly involving wildlife. But the bigger issue is the large quantities of water associated with the occurrence of methane gas in coal beds. This water must be produced in order to recover the methane. Although the quality, quantity, and disposal methods vary from basin to basin, regardless of the characteristics of water production, it will be a major issue associated with all CBM projects. Also, large CBM projects will necessarily require certain specialists and expertise to be available to perform adequate and timely environmental analysis and to oversee and monitor operations once they are in place. Funding and staffing of these have not been able to keep pace with project proposals. The increase for energy in the President's Budget for fiscal year 2003 will go far in correcting this situation.

17. *What steps are BLM and the Forest Service taking to assure that oil and gas and coal operations on public and forest lands are secure from terrorist attacks?*

Answer - We are not taking or requiring any special measures be taken at this time. Lessees and operators are responsible for security of their operations, and for protecting public health and safety.

18. *The Wayne National Forest (WNF) has acquired land over the years, in which the sellers reserved their mineral rights for extended periods and continue to receive royalties in accordance with private lease agreements with the producers. When their reservations expire, the oil and gas producers must work with BLM to convert to federal leases, with stipulations imposed by the surface management agency, in this instance, the WNF. Will you explain why the WNF has left those oil and gas producers in a regulatory and legal limbo regarding their production operations and additional development by their failure to review and apply reasonable surface occupancy stipulations in a timely manner.*

Answer - The Wayne National Forest experienced a period of time during which qualified personnel were not available to perform this particular type of technical adjudication. People have been hired and trained, and are working with BLM to process these reversionary interests.

19. *It is our understanding that the Los Padres Oil and Gas Leasing Analysis and Draft Environmental Impact Statement was released to the public in December 2001. The Forest Plan direction (preferred alternative) would result in over 75 percent or 70 million barrels of oil being off limits. What is the rationale that the total disturbance of 120 acres would preclude access to that 70 million barrels of oil, especially considering that those lands do not qualify for wilderness, wild and scenic, or roadless designations?*

Answer - In fact, the preferred alternative is somewhat more restrictive than the Forest Plan alternative. It includes restrictions needed to make leasing consistent with the Plan, plus additional stipulations to further protect biological resources. The combined restrictions are necessary to ensure protection of wildlife, scenic, recreational, and watershed resources.

20. *In regards to minerals materials program:*

- a. *To what extent are mineral companies paying for NEPA?*
- b. *Are there any situations that smaller operations, in particular stone quarries, are not being developed because the proponents can't afford the NEPA costs?*
- c. *Is there a demand for new quarry sites, and if so, are you turning operators away?*
- d. *Please provide a region by region summary of any problems or concerns relative to making mineral materials available?*

Answer - For the most part, we are paying for NEPA and related environmental review costs. Exceptions occur for very large operations in which case operators will volunteer to pay some or all of the costs rather than waiting for us to do the work as funding becomes available. There are certainly instances when small operators can neither afford to pay or wait. Concerning a demand not being met, that is a frequent problem. With respect to sand and gravel, the primary reason is environmental issues related to riparian, watershed, aquatic, or wildlife values. In the case of new quarries, there are also environmental issues, but the problem seems to be more one of funding. In general, the mineral materials component of the program has difficulty competing for funds against higher priority components of the minerals program, which itself has to compete with other agency priorities. These concerns - environmental issues and funding - are common to all Regions.

21. *The decision in the Finger Lakes EIS is to not allow oil and gas leasing because the Nation doesn't need oil and gas now, but would lease at some future time if needed. Don't you think that the resources are needed now and will the Forest Service be revisiting this decision, if so when, if not why?*

Answer - In fact, the decision to not allow leasing was only indirectly tied to the availability of oil and gas. As explained in the Record of Decision (ROD), the decision was made "by considering the land's capability, legal requirements, public opinion and politics." However, it was perceptions about the value of "place" involving social values, and human needs and desires, and how they would be affected by oil and gas development that was the deciding factor. As stated in the ROD, "The selection of Alternative 4 (No Action Alternative) is based entirely on public input, comments made on the DEIS, and is not based on environmental effects."

The FEIS shows that the environmental effects of oil and gas leasing on the Finger Lakes National Forest would be minimal especially when various measures are taken to mitigate potential environmental harm." The ROD further explains that the No Action Alternative is not even best in terms of environmental effects. The Environmentally Preferred Alternative, that is, the alternative with the least amount of human-caused change to the biological and physical environment, would actually allow all of the Forest to be leased and 34 percent of the surface to be available for operations.

In effect, the no leasing Alternative will result in more environmental disturbance but is favored by the public because it will maintain the "special feeling" of the Forest. According to the Supervisor's Statement to the Press of December 19, 2001, the question of leasing will not be taken up again (except during revision of the Finger Lakes National Forest Plan) unless substantive new information becomes available which would include "a change in public attitude toward the need to access the natural gas under the Finger Lakes National forest. This may be in the form of a domestic energy crisis or other unforeseen event."

