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FULL COMMITTEE HEARING ON MAINTAINING PUBLIC LANDS FOR HUNTING, FISHING, RANCHING AND SMALL BUSINESSES

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UNITED STATES HOUSE OF REPRESENTATIVES

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CONTENTS

OPENING STATEMENTS

	Page
Velázquez, Hon. Nydia M.	1
Chabot, Hon. Steve	2

WITNESSES

PANEL I:

Allred, The Honorable C. Stephen, Assistant Secretary for Land and Minerals Management, U.S. Department of the Interior	4

PANEL II:

Amerine, Mr. Gary, Greys River Trophies, Daniel, WY	18
Dvorak, Mr. Bill, Dvorak Expeditions, Nathrop, CO	19
Velasquez, Mr. Chris, Rancher, Blanco, NM	21
Moyer, Mr. Scott, Down Valley Septic and Drain, Rifle, CO	23

APPENDIX

Prepared Statements:

Velázquez, Hon. Nydia M.	36
Chabot, Hon. Steve	38
Altmire, Hon. Jason	39
Allred, The Honorable C. Stephen, Assistant Secretary for Land and Minerals Management, U.S. Department of the Interior	40
Amerine, Mr. Gary, Greys River Trophies, Daniel, WY	46
Dvorak, Mr. Bill, Dvorak Expeditions, Nathrop, CO	50
Velasquez, Mr. Chris, Rancher, Blanco, NM	55
Moyer, Mr. Scott, Down Valley Septic and Drain, Rifle, CO	65

FULL COMMITTEE HEARING ON MAINTAINING PUBLIC LANDS FOR HUNTING, FISHING, RANCHING AND SMALL BUSINESSES

Thursday, April 17, 2008

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met, pursuant to call, at 9:43 a.m., in Room 1539, Longworth House Office Building, Hon. Nydia M. Velázquez [chair of the Committee] Presiding.

Present: Representatives Velázquez, Shuler, Clarke, Ellsworth, Chabot, Bartlett, Akin, and Davis.

OPENING STATEMENT OF CHAIRWOMAN VELÁZQUEZ

Chairwoman VELÁZQUEZ. Good morning. I call this hearing to order to address maintaining public lands for hunting, fishing, ranching and small business.

As we approach Earth Day, it is an appropriate time to reflect on the vast natural resources of this country. This Nation's public lands are one of the greatest national resources. They serve as tourist destinations for millions of Americans and generate important activity for many small businesses. Ranchers use thousands of acres for their cattle to graze. Hunting and fishing guides bring in tourism dollars, and local economies see the benefit. There is also energy development to harvest oil and gas resources.

Today's hearing will examine how Federal land policy must account for these diverse uses of these lands and the small businesses who access them. It is key that our Federal land policy is balanced and account for many different categories of small businesses that rely on public land.

One of the key drivers of the western economy has been the use of these lands for recreational purposes. Over 87 million Americans participated in wildlife-related recreation in 2006, spending more than $122 billion, much of this spent on recreation and public lands, and the vast majority of firms that reap the benefits are small.

Hunting and fishing outfitters depend heavily on the use of public lands. The vast majority of hunters pursue game on public lands. And more than 50 percent of our Nation's most prized trout streams originate on them. These dollars support outfitters, gear manufacturers, and the hotels, restaurants, and shops that cater to the tourists who visit these lands.

Our Nation's cattlemen have also depended on this land for raising their herds since the 1800s. These ranchers are able to lease these lands from the Federal Government to bring their cattle to market. While BLM leases 160 million acres a year for grazing purposes, there is increased concern about access and whether the land is usable.

Energy development is obviously another important use for our public lands. Our Nation is fortunate to have large reserves of natural gas, much of which is on Federal lands. This development has brought economy growth in communities across the West. However, it must be done in a sustainable and balanced manner.

We are all aware the energy challenges this country is facing. Increased domestic production of oil and gas should be part of a balanced national energy strategy. But it alone will not address our current problems.

The Department of Interior has been invited here to discuss what the agency is doing to meet these diverse needs. The Federal Land Policy and Management Act charges BLM with the responsibility of managing public land by balancing a variety of uses. These uses include recreation, natural resource development, grazing, and wildlife preservation. The law also requires BLM to take into account thelong-term needs of future generations and manage without permanently impairing the quality of the environment.

However, the General Accounting Office has reported that BLM has not been meeting its responsibilities for mitigating the environmental impacts. The agency has simply not been able to keep up with the dramatic increase in oil and gas operations on public lands.

While drilling on certain public lands is necessary and appropriate to meet our energy needs, it should be managed in a way that will not destroy wildlife habitat and diminish the hunting, fishing and grazing opportunities. These stakeholders make a very important contribution to the small business economy of the West, and their concerns need to be fully considered.

The fact that this hearing coincides with Earth Day is not a mistake. Earth Day was created to raise awareness and appreciation for our environment, and it is my hope today to show that there are ways to foster economic growth without compromising a healthy, sustainable environment.

I look forward to today's testimony and thank all the witnesses again for coming here to share their stories. I yield now to the ranking member for his opening statement.

OPENING STATEMENT OF MR. CHABOT

Mr. CHABOT. I thank the Chairwoman for yielding, and I also thank her for holding this important hearing on the management of Federal lands and how best to manage those lands to benefit all Americans, including small business owners.

The Bureau of Land Management in the Department of Interior manages about 258 million acres of land. Since the United States began acquiring public lands about the time of the Northwest Ordinance passage, there has been tension over how to use those lands. About a century ago, Federal land managers began developing a compromise for utilization of the Federal lands, a philosophy that

can best be expressed as conservation for the greatest good, for the most people, for the longest period of time. This methodology has come to be known as multiple-use sustained-yield management.

This system means that no single use takes priority over any other use on the 258 million acres under the Bureau of Land Management's control. Proper management, and let me emphasize proper management, should enable the public lands to be used for a variety of uses, be it hunting, fishing,outdoor recreation, grazing, or oil drilling.

For those who know the difficulty of maintaining a nice lawn and a small garden, making sure that there are no weeds, trying to prevent the neighbors' pets from chomping on the just sprouting bushes, and controlling children's play on a newly seeded grass, just imagine trying to do something similar on 258 million acres of land spread across the western United States. That is the Bureau of Land Management's job, only a lot more complicated because the agency is required to consider a multitude of uses not just growing a green lawn.

Given the immense task delegated to an agency staffed by human beings, I am sure that one could cross these Federal lands and certainly find some laxness in the Bureau of Land Management's management, just as someone could travel in any neighborhood in the United States and find flaws in someone's lawn.

The issue is not whether the BLM should manage the land for multiple uses. Congress put to rest that issue in 1976 with the passage of the Federal Land Policy Management Act. Rather, the question is whether current practices of managing the land for multiple uses satisfies the overriding ideal of using the Federal lands to obtain the greatest good for the greatest number of people for the longest period of time. I will be interested in the witnesses' perspectives on that issue.

Finally, it is important to note that there are a large number of small businesses that are not represented at this hearing, the small business that must pay nearly $4 a gallon for gasoline. If the public lands are owned by all Americans, to benefit all Americans, we must not forget about the benefits those businesses get from environmentally sound extraction of oil from Federal lands.

With that, I yield back, Madam Chair.

Chairwoman VELÁZQUEZ. Thank you.

Now it is my pleasure to welcome the Honorable Steven Allred.

Mr. Steven Allred is the Assistant Secretary for Land and Minerals Management in the U.S. Department of Interior. Previously he served as the director of the Idaho Department of Environmental Quality and Administrator of the Division of Environmental Quality in the State. He was also the President of the Environmental and Government Services Group of the Morrison Knudsen Corporation. Secretary Allred received his Bachelors of Science and Masters of Science degrees from the University of Idaho.

Welcome, sir.

STATEMENT OF THE HONORABLE C. STEPHEN ALLRED, ASSISTANT SECRETARY FOR LAND AND MINERALS MANAGEMENT, U.S. DEPARTMENT OF THE INTERIOR

Mr. ALLRED. Thank you, Madam Chairman, Congressman Chabot, members of the committee. I appreciate the opportunity to come visit with you today.

It seems that one of the most difficult things that challenges us, is to have the kind of communication that is necessary to find solutions to many of these problems.

I believe that it is extremely important that government have clear laws and rules and be responsive to the needs of our citizens and our clients. Experience has taught me that it is results that count, and clear processes help us ensure the quality and transparency of those actions. Also, in order to achieve results, it is imperative that government work collaboratively with States, local governments, tribes, which is a responsibility that we have, individuals, and other stakeholders to resolve issues and develop productive relationships and build consensus. This management approach, as you indicated, has yielded positive results for me, not only in this current position, but also in my previous capacity in private business and as an environmental regulator.

One only need look at the news any of the last few days to see the impact that energy costs are having on all sizes of businesses. The Energy Information Administration forecasts that that increases in crude oil will continue through the spring and beyond. In fact, as you are probably aware, in the last 3 days, we have had record prices for oil. Last night, it closed at almost $115 a barrel. Equally important, and perhaps more critical, natural gas closed at $10.53. That is very concerning to me.

As a result of those prices, we are going to see record levels for gasoline this spring and this summer. Increases in these energy prices, as Congressman Chabot indicated, especially those associated with transportation impacts, are going to hit small businesses hard. Certainly ranching and other operations, which are so dependent upon oil and gas, I think are going to have a real challenge as we go forward.

As energy demand increases, along with the other multiple uses of these lands, we have to focus on energy supplies. According to the Energy Information Administration's latest estimates, even with aggressive energy efficiency standards, oil consumption will continue to rise, probably by 10 percent by 2030. U.S. total energy use, which is also a critical concern, is expected in that same time frame to increase about 19 percent, and that is when we see what is happening in China and India, where demand is expected to double. It points to increasing difficulties in obtaining the energy that we need in the United States at reasonable costs.

A little bit of background. I am just going to summarize this. As was said, we are stewards of some 258 million acres of surface and some 700 million acres of Federal onshore mineral estate. These lands provide outdoor recreation, energy, wildlife habitat, livestock grazing, timber, and certainly the enjoyment and protection of other natural, cultural and historic resources.

With the rapid growth that we have had in the West, from some 20 million in 1950 to 65 million today, pressure to meet these var-

ious uses is complex and very demanding. Traditional uses of the public lands, including livestock grazing, have and will continue to be critical to the economic viability and the cultural identity of the West.

Approximately one-third of all domestic energy produced in the United States comes from these resources that are managed by the Department of the Interior. They include oil, gas, renewable energy, such as solar, wind, biomass, andgeothermal. And these will be challenges when we start to see the development of these on the scale that will be necessary with regard to other uses.

I know that this committee is keenly interested in the success of small businesses. Reliable and affordable energy is key to those businesses, especially the smaller operations. Increases in energy prices, particularly those associated with transportation, are going to impact our businesses, both large and small. But the small businesses are going to have a much harder time dealing with those impacts.

There are a couple of things I think that are important to understand. First of all, only a small portion of BLM-managed lands, some 5 percent, have oil and gas production, and even a smaller portion, less than half of one percent, are directly impacted by surface disturbance in these activities. I don't mean to indicate that that is not a concern, because it is any time we have disturbances.

Access to Federal energy resources is restricted by laws, regulations and many special relations. Results from a recent inventory we have done of some 279 million acres of onshore oil and gas over Federal lands indicates that 60 percent of those lands that contain oil and gas resources are currently not accessible for use of the people of the United States for that purpose; 23 percent of that is accessible only with a wide variety of restrictions which determine how much can be produced and during what period of time; only 17 percent are available under what we would call standard restrictions.

While the BLM is seeing an increase in development on Federal lands, access to energy development is occurring even to a greater extent on private and State lands. It is important to note that energy development on private and State lands is more extensive than on Federal lands. For example, in States with significant Federal minerals, more than two-thirds of the oil production occurs on State and private land. In Colorado, 77 percent of the production currently is on State and private lands. In Montana, it is 88 percent. In New Mexico, 64 percent of the production is on State and private land.

Royalties collected by mineral leasing and fees collected for other public uses benefit the taxpayer. In 2009, we expect that public lands will generate onshore about $6.1 billion in revenues, mostly from energy development. I might also indicate that we expect total revenues, including those on and offshore, this year that we contribute through royalties will be in excess of $20 billion. Approximately 44 percent of the onshore revenues are provided directly to the States and counties. As you know, those support a wide range of needs such as roads, schools and other community and cultural resource needs. Wyoming's share in 2007 was $700 million. New

Mexico's share totaled about $350 million. Colorado's share was about $117 million.

The BLM continually seeks new ways to balance competing uses and to minimize, integrate, and compensate for adverse effects from these development activities on Federal lands. Through our land use planning processes, implementation of best management practices, and other efforts and initiatives that we are involved in, we seek to ensure that oil and gas activity on public lands is done in an environmentally responsible manner consistent, to the extent possible, with all other uses.

Madam Chairwoman, I would be most happy to answer questions that you might have.

[The prepared statement of Mr. Allred may be found in the Appendix on page 40.]

Chairwoman VELÁZQUEZ. Thank you very much, Mr. Allred. The number of drilling permits approved by the Bureau of Land Management more than quadrupled between 1999 and 2007. This focus has compromised other agency efforts. In 2005, the General Accounting Office reported that BLM was not meeting its goals to protect the environment on public lands because it had been overwhelmed with processing these permits.

What has BLM changed to meet its environmental protection responsibilities as the number of permits approved continues to rise?

Mr. ALLRED. Thank you. I don't think there is any question that the response that we received with regard to new applications to drill wells created real constraints because of the manpower resources that we had. One of the things that Congress has done to help us is to provide for us resources to create pilot offices. These were pilots from the standpoint that they were experimental. But I think they will become the way that we do business.

The issue wasn't just with the Bureau of Land Management, but it also was with all of the other State and Federal agencies and local interests that we need to deal with to make sure that what we approve meets as many of their needs as is possible. When Congress provided the additional funds for us to establish these pilot offices, what we were able to do is to bring all of the agencies into one facility and to then have dedicated staff to deal with these issues having to do with Applications for Permits to Drill.

That has worked very well. You will soon see a report that was prepared by an independent organization that Interior brought in to monitor our progress. As you will see when that information becomes available, it has gone a long way to solve the issues that we had when we first received the onslaught of so many applications. Those applications continue, although in the last little while, we have seen a bit of a, I won't say a decrease, but certainly a plateauing of the number of applications that we are getting.

One of the things that suffered from those other efforts was our ability to get people out to do inspections. And that is critical. When you issue these permits, you have to make sure that they are being applied correctly; 99 percent of the people that have them, do a good job. There is always a certain number that have to be inspected.

Chairwoman VELÁZQUEZ. Can you talk to us about—with the increase of drilling operations on public lands across the West, it is critical that BLM plan for dealing with wells when they run dry. Can you discuss how energy operators can restore land for wildlife habitat, hunting, fishing, and grazing after a well has been depleted, and given the fact that most of your inspectors are processing permit requests? And then how can you explain to us that more than one-third of those permits are not actually being used?

Mr. ALLRED. Madam Chairwoman, one of the results has been that we have been able to get more people back on the ground to do the inspections to make sure that we are assuring that the stipulation requirements in the permits are being met. We also, through the appropriations that Congress provided, have increased the ability to do that.

Chairwoman VELÁZQUEZ. How are you doing that? In the 2005 GAO report, they found that you lack the resources to adequately monitor the restoration of the habitat, the abandoned wells. So how are you doing that? Since 2005, what specific efforts are you taking?

Mr. ALLRED. Madam Chairwoman, there have been a lot of efforts. First of all, our regulations have changed substantially. There are best management practices that are now required to be followed with not only the reclamation efforts, but the drilling efforts. Through the moneys that we have been able to utilize that Congress has given us, we have increased our inspection and efforts considerably in the last 2 or 3 years. I think we are seeing a lot better compliance. We also are requiring bonding, requiring financial assurances that these things be done properly.

We also have an effort that we call the Healthy Lands Initiative. It is not only the issue of those resources which are being impacted by oil and gas, but our bigger threats are from invasive species and fire. So our Healthy Lands Initiative, again, which Congress has helped provide funds for, is I think doing a lot to improve not only the mineral lands but also the other lands that we administer.

Chairwoman VELÁZQUEZ. I will come back. Right now I am going to recognize the ranking member.

Mr. CHABOT. Thank you, Madam Chair.

Mr. Allred, let me just mention, first of all, a lot of the land that you manage, as we have discussed, has all kinds of natural resources on it, and oil is obviously available in some areas. When one considers that, as early as let's just say early 2007, say January 2007, I think the price per gallon was around $2.30; it is now $3.40 on average. Unfortunately, it seems to be heading up. So it seems pretty clear that we need to go after that oil.

When you look over the decades, the technologies that we have available to us for going after that oil has improved pretty dramatically. You don't have to do as much damage to the environment as maybe you did a decade or two decades or three decades ago. Sometimes I think it is a fact that gets lost in the discussion. We have put whole areas, like ANWR, for example, where we have 16, 18 billion barrels of oil, off limits.

So getting back to the technology, could you discuss briefly whether or not the technology has gotten better so that you can go

after those resources in more of an environmentally friendly manner than you could in previous years?

Mr. ALLRED. Congressman, I would be happy to. As many of you know, I worked for Secretary Kempthorne when he was Governor. He tells a story that I think illustrates what has happened with drilling techniques. At those times, Idaho did not have oil production, but we sat next to states that have tremendous resources, both in Utah and Wyoming. He likes to tell a story that if he had understood how oil drilling and gas drilling were going to change over the last few years, particularly with offset and angle drilling, Idaho would have been an oil State.

There have been tremendous changes in what you see now, even in the last 4 or 5 years, with regard to technology as compared to what has happened before, which has allowed us to make huge changes in how we regulate these people. Now, instead of one well from any pad, we are seeing from 30 to 36 wells from a single pad. What that means is that is 36 pads less that have to be used in order to develop the resource.

You have seen a transition over the last few years not only in the technology but also in the planning that we do, where the agency is concerned, because of that technology, is able to considerably lessen the impact to those areas where we do have oil and gas development, the latest being in Colorado with Rome plateau. That will have, we think, minimal impact as we go forward.

Mr. CHABOT. Could you discuss the lateral that you were referring to, just in layman's terms, what we are talking about here.

Mr. ALLRED. Yes. In the past, for oil drilling, you had to sit directly over the hole and drill straight down or nearly straight down in order to get to the resource, primarily because of technologies that were developedoffshore. Those technologies are now being applied onshore. And what they are allowing us to do is to do offset drilling even a mile away or 2 miles away. I think it is quickly getting to the point where, from a single spot, you can radially drill from that and reach many of the resources that are available in these fields.

This has tremendous implications for wildlife and environmental because you don't have to be out there. It is not only the drilling that causes a problem. It is the transportation. It is the utilities. It is all the things where you have to go out and run to individual wells.

Essentially, with these new methods of development, we are not allowing that. We are requiring them to drill from these central sites. All the utilities have to be underground going to that central site. Of course, all the well heads are in one location so all the support facilities are in that location.

So it is, I think, a tremendous improvement in how development is occurring in these areas. Now there are some resources that are not conducive to that, but most of the major resources are.

Mr. CHABOT. So just to make sure that it is clear what you are saying, if this table up here had oil in various locations, rather than disturbing the environment at the surface level in a whole bunch of places and digging a number of drilling sites, you could have, for example, this one site, dig here and then go under the

ground in different directions, only disturbing this one area and not all around this place. Is that correct?

Mr. ALLRED. Congressman, that is correct.

Mr. CHABOT. Thank you.

Madam Chair, I yield back my time.

Chairwoman VELÁZQUEZ. Mr. Shuler.

Mr. SHULER. Thank you, Madam Chair.

Mr. Secretary, thank you for your appearance today.

The Federal Land Policy and Management Act charged the Bureau of Land Management with the responsibility of managing public lands and balancing a variety of uses. This includes recreation, natural resource development, grazing, and wildlife prevention. How does the BLM manage that based on small business practices, guided tours, hunting trips with guides? How do they manage that based on the variety of things they are charged to do?

Mr. ALLRED. Congressman, our activities as we manage these lands are done pursuant to a resource management plan. Those plans are developed over fairly extended periods of time. In fact, some of them now have taken 7 years, that we are just finishing up. Those resource plans involve a tremendous amount of public input and are usually controversial because you are talking about conflicting uses. But our goal is to represent as many of those uses and make the smartest decisions we can with regard to that plan.

Once the plan is then adopted, and that is a public process, with numerous public opportunities for input and review, then we are required to administer those particular lands with regard to that plan. Even then, there are lots of disputes and lots of conflicts that our managers have to make smart decisions about. Our goal is to make sure that, first of all, there is a lot of opportunity so we can balance those needs. In those cases where there are activities that are disturbing other activity, we attempt to mitigate, to the extent that we can.

Secondly, we make sure that what we do, we do in an open and transparent manner so people can understand why we are doing what we are doing. Even then, we get a tremendous number of lawsuits from one issue or another.

I might say that one of the biggest impacts we are having now on western lands, and this is not only West, it is elsewhere as well, is invasive species and fire. That, perhaps, is doing more damage to more uses and impacting I think small businesses as much as anything we do on Federal lands.

Mr. SHULER. As an avid outdoorsman, there is nothing I enjoy better than wing shooting, grouse, quail. I certainly enjoy that. In your testimony, you made reference that most of the gas and oil drilling is being done on private lands and State lands. I think that is all the more reason why, on our Federal lands, what we have to do is be able to protect, to be able to have the conservations and to be able to protect the grouse and the quail and the other species, so the small businesses and ranchers can be able to use these lands for economic development in their communities.

So that is not really a question, just a comment, that the more we can provide for the ranchers and the fishing guides and the outdoorsmen, I think it impacts a community in a very positive way

because they can't go on some of the other State lands, or certainly on the private lands.

Madam Chair, I yield back.

Chairwoman VELÁZQUEZ. Mr. Davis.

Mr. DAVIS. Thank you, Madam Chairman.

Thank you, Mr. Secretary, for being with us today.

Before coming to Congress, I was actually a small business owner from the mountains of east Tennessee. Beautiful natural area. I hope you have been there and visited the mountains. As a small business owner, I understand that the first thing you have to do is get customers in the door, and you also have to be able to have your fleet of trucks be able to travel, and you need energy to do that.

I think we need to make sure that we have a policy in Congress that we allow small businesses to grow into big businesses, and if you put a cost on a small business like increasing energy costs—and I understand last January, oil was about $56 a barrel. It is up to about $114, $115 a barrel now. And we are becoming much more dependent on foreign oil.

The people that I talk to in northeast Tennessee want us to have access to American energy. And if we are going to do that, we need a policy that would allow us to use energy on Federal land, in my opinion. It is basically an effect in small business of supply and demand. If you have more of a product, costs will go down. If you limit a product, costs will go up.

I noticed in your testimony that, right now, just pick the State of Colorado, that 77 percent of the production is not on Federal lands. So that means that about three-fourths of the production is coming other than Federal lands. If we had policies here that would actually allow for more use of American domestic produced energy and we had a policy that was pro-growth for small business, do you think we could increase that production on Federal lands and still have it in an economically and environmentally friendly way?

Mr. ALLRED. Congressman, yes. What you see happening, I think, is that the State and private lands are easier to develop. So the first ones to be developed have been those lands. They don't have the restrictions that we do with regard to Federal. As those are depleted, and they will be, you are going to see more and more demand to do things on Federal lands, I think. In fact, we are already seeing it.

I come from a ranching background, and I am concerned about the ability of small businesses, particularly rural businesses, to survive with these kinds of pressures. But one of the problems I believe we are seeing is that part of the pressure to develop the western lands is because we don't have access to some of the offshore areas. Somehow we need to find a balance so that, as we go after energy resources, we do it based upon the areas with the least impact.

I am not foolish enough to think we have to develop all these areas. But when we throw all the pressure in just selected areas, it has an inordinate impact in those areas. So I think that if we had a more consistent energy policy with regard to oil and gas, we might—and we could start over—we might choose to have a more

balanced process between onshore and offshore, and try to look at those places where the impact might be less than it is in some of the areas that are now being developed.

Given that we don't have that, given that we don't have access to some of those areas, we are trying to make sure that we try to do as much as we can to meet the U.S. needs and protect as much of the other values as we can. That is not just fish and wildlife. It is a lot of cultural issues, a lot of other issues as well. For example, ranching life. We are very concerned that we are going to lose that.

So we have to do what we can to perpetuate, I think, those lifestyles as well.

Mr. DAVIS. Could you quickly tell me about your best management practices?

Mr. ALLRED. I would be glad to. To encourage and demand state-of-the-art practices, we require that those best management practices be applied across the board. And these have become more comprehensive over the last few years. In fact, they continue to evolve to be more comprehensive. They are designed to make sure that we use the best practices possible, not only in oil and gas development, but in other uses as well. So I think they are.

I think the Federal Government has a good set of those. What I am trying to do in talking with the Governors of the Western States is to make sure and encourage them to adopt the same set of standards. And if the State and Federal Government require them, they will be applied to Federal lands as well. So I think they go a long way to meeting some of the objectives that you and we have.

Chairwoman VELÁZQUEZ. The time has expired.

Ms. Clarke.

Ms. CLARKE. Thank you very much, Madam Chair, Ranking Member Chabot. Madam Chair, it is great to be here today because, for most of our constituents in Brooklyn, our relationship to this issue comes to us by way of television sometimes. For me, Bonanza comes to mind, and motion pictures. However, we can relate to the work of our ranchers and small business entrepreneurs in regards to the provision of foods for our communities. So this is a very important hearing here today.

On a serious note, I want to personally thank you, Mr. Allred, for testifying before us today, and I hope that, by the end of the hearing, I will be more informed on how your agency is meeting the needs of these small businesses.

I understand that in some areas of the West, increased drilling has turned once spectacular landscapes into industrial-like zones. I would like to get a sense from you of what evidence you have gathered in your agency that substantiates where there has been severe habitat destruction.

Mr. ALLRED. Congresswoman, one of the things that I think, again, we have to understand is when we talk about the total amount of Federal lands that are involved in oil and gas, it is a very small amount. That doesn't mean it is not important. We are going to make darn sure, and, again, from my background as an environmental administrator, regulator, I am particularly concerned that what we do, we do right. But I think we also have to

understand that most of the businesses involved in oil and gas are small businesses. They are not the big mega companies that people like to talk about with oil and gas.

I also think it is important to understand that there are a lot of other pressures that are impacting those Federal lands. I just mentioned invasive species and fire. That has a huge impact on our Federal lands and on small businesses. When one of these areas burns out, as happened in Utah and Idaho, it has a tremendous impact on these rural communities and rural businesses.

Ms. CLARKE. What is your recommendation, after knowing that this is something that happens annually, perhaps—it is a natural occurrence sometimes. It is an accident sometimes. It is carelessness on behalf of our citizenry. What best practices do you believe must be put in place to turn that around as quickly as possible so that we are all participating in the remediation and rehabilitation of these areas?

Mr. ALLRED. Fire occurs naturally. In fact, most of the big fires were lightning caused. But the reason they burn like they do is because of fuels that normally were not there. The sage brush habitats and the western habitats are generally what we call fire regime habitats. They are used to fire. What has happened is the vegetation has changed so much, the fires are so much hotter, that they kill everything. They in effect sterilize the land.

Fuels management is important. Dealing with the cheatgrass and the invasive species is particularly important. That costs a lot of money. Frankly, we and the State governments are not able to deal with that issue effectively.

Chairwoman VELÁZQUEZ. Will the gentlelady yield for a second?

Ms. CLARKE. Certainly.

Chairwoman VELÁZQUEZ. Mr. Secretary, can you tell me what responsibilities energy firms have to reclaim oil drilling sites, and is the Department enforcing this?

Mr. ALLRED. Madam Chairwoman, they have an absolute responsibility to reclaim those sites. We will not release their bond or let them do other activities until it is done. We actually place requirements on when it has to be done.

We are getting better at that. The government is like any other organization; it has problems. You have a lot of people. Any time you deal with lots of people, you have to manage those people. We are learning a lot. I think that over the last couple of years that I have been associated with this agency, practices have improved substantially. That has been one of my objectives. I think we are doing a good job now.

Chairwoman VELÁZQUEZ. Do you have the manpower, based on the General Accounting Office report in 2005?

Mr. ALLRED. I think we can do more if we had more manpower. You will see, I think, in the 2009 budget and at least recommendations for 2010, I think you will see some additional requests for this type of manpower.

Chairwoman VELÁZQUEZ. Thank you for yielding.

Ms. CLARKE. No problem, Madam Chair.

Just sort of on the note that the Chairwoman has struck here, it is my understanding that the impacts of the industrial drilling and oil and gas development, the impacts range from being site

specific, for example, removing several acres of vegetation at an individual well pad; to those affecting a much larger area, such as fragmenting tens of thousands of acres of crucial winter range for mule deer.

We talk about manpower, but we know what the causes are and what the effects are. What I am not getting from you is specifically how we are going to go about addressing it. What is required? What level of cooperation between State and Federal Government, who in the agency will be responsible for being proactive here? We are at the stage where we understand what the impacts are. We now want to jettison ourselves into the 21st century to be much more proactive on that.

Just in closing, if we can get some response.

Mr. ALLRED. I would be glad to. The government has to have a name for everything, so we have a name we call Healthy Lands. That involves a variety of factors. One of them is to look at not only how we do oil and gas but other activity as well to identify, for example, migration routes, and to make sure that, as we authorize activities, that we don't fragment or interrupt those migration routes. Some of the newest plans that you see coming out are doing a much better job of that. It is a goal of ours to do that.

Ms. CLARKE. Thank you very much.

Chairwoman Velázquez. Time has expired.

Mr. Bartlett.

Mr. BARTLETT. Thank you. I am sorry I couldn't have been here for your testimony.

Last night, oil hit $115 a barrel in the Asian markets. The day before yesterday, Russia announced that they had reached their maximum oil production, and they probably could not increase above that.

For the sake of discussion, I would like to make a counter argument that drilling in our public lands and in ANWR and offshore is pretty much the equivalent of giving cocaine, more cocaine, to the addict. If all you are doing is feeding the habit, that is exactly the wrong thing to do.

The two big agencies in our world that track the production and consumption, which are the same—nobody is storing big amounts of oil—are the IEA and the EIA, the International Energy Association and the Energy Information Administration, the latter a part of our Department of Energy. Both of those entities indicate that, for about the last 3 years, production of oil worldwide has been flat. During those same 3 years, demand has been going up. And what happens when demand is up and supply is inadequate? Prices have gone from $50 a barrel to $115 a barrel.

It is very probable that the world has reached its maximum capacity for producing oil, that we are now producing as much oil per day as we will ever produce. That happened in the United States in 1970. And in spite of drilling more oil wells in all the rest of the world put together, in spite of having the best technology in the world for finding oil and for enhanced oil recovery, we still today are producing less than half the oil that we produced in 1970, or importing about two-thirds of our oil.

If we are drilling in these areas to help us break the habit, then I am supportive of that. But I have 10 kids and 16 grand kids and

2 great grand kids. And if we could pump ANWR and our public lands and offshore tomorrow, what would we do the day after tomorrow? And there will be a day after tomorrow. Don't we really need to be focusing on alternatives? Wouldn't it be nice to save a little oil for our kids, grand kids and great grand kids, since we are leaving this horrendous debt, not with my vote, but we are leaving them a horrendous debt, wouldn't it be nice to leave them a little oil? Shouldn't we really be focusing on alternatives and how to live a lifestyle—we are one person in 22 in the world. We use a fourth of the world's oil. There are countries in the world that use a fourth as much energy as we do, who live as long as we do, who educate their people as well as we do. We don't need to use as much energy as we use to live the golden life, do we? And wouldn't it be—shouldn't a top priority be—if we are going to drill in these areas, and I will vote to drill in those areas when I am assured that all the energy we get there is going to be used for developing alternatives. Because we have now blown 28 years. We knew darn well we were going to be here today or about this time with oil over $100 a barrel, because M. King Hubbert was right about the United States. We peaked in 1970. In 1980, we knew darn well he was right. He predicted the world would be peaking about now.

Where has our sanity been for the last 28 years that no responsible country in the world has taken the correct path, that is to develop alternatives so that we run down the other side of what Hyman Rickover called this Golden Age, that we would still have a high quality of life.

Mr. ALLRED. Congressman, I agree with you that the solution to our problem is not oil and gas. However, if you look at the Energy Information Administration forecast, they indicate that, by 2030, you may only have 6 to 10 percent of the U.S. energy, total energy, not oil and gas, supplied by what you refer to as renewables.

We are aggressively pushing renewable energy. In fact, you will see an announcement today of a number of areas that are being opened up for offshore renewable energy development. That is important. But I think, in any forecast that I can see or any scenario that I can see, if you want to maintain something similar to the economy that we have, particularly with regard to small businesses, oil and gas, and particularly gas, and I have a bigger concern about natural gas than I do oil and the price of what is happening there, that if we want to continue the kind of economy that we have, it is going to take oil and gas as part of that formula.

It is interesting to note that, and there are actually some huge proposals for renewable energy, they are less acceptable when we go out there and try to process applications than oil and gas is. Because oil and gas is usually a fairly transient impact. You may only see, for example, a drilling rig for a few months or a year and then all that is left is a well head, generally. When you put, and I am a big fan of and I am pushing renewable energies, but when you put a wind machine up there, it is obvious for a long time. When you cover the surface of the desert with a solar facility, it is there a long time. And there are not other alternative uses when you do that.

Chairwoman VELÁZQUEZ. The time has expired.

Mr. Ellsworth.

Mr. ELLSWORTH. Thank you, Madam Chair.

Thank you, Mr. Allred. I was, being a bit tardy myself, I couldn't agree with Mr. Bartlett more in his testimony, but if you had further on Mr. Davis's comments about best practices and didn't get to finish, I would give you my time to do that. If you were finished with your thoughts, I don't have a question. I don't know if you were done with the best practice summary or not when the time ran out. I was going to give you a chance to comment on that, or follow through.

Mr. ALLRED. Thank you, Congressman. I would just say that we do have a lot of best management practices, and they cover everything, not only with oil and gas, but they cover everything from drilling, to bonds, to utilities, a number of things. They are improving substantially as we go forward and learn. I think that is going to improve and hopefully lessen the impacts and the conflicts that occur.

Mr. ELLSWORTH. I have no further questions.

Chairwoman VELÁZQUEZ. Mr. Akin.

Mr. AKIN. Thank you, Madam Chair. I had just a wonderful chance over the Easter break to get out and see some of the lands that you all are managing and see some States that you manage, more than half the State, with the lands that we have absorbed as a government. Kind of taking a look at it from the people that live out in those areas, I can see why there might be some resentment sometimes at the fact that more than half of somebody's State has been taken by the government. So the topic we are talking about is of a lot of interest to a lot of people.

I appreciate Mr. Bartlett's sermon there about the oil and everything. I am an engineer by training as well. I guess the concern I have is that, doesn't it seem to you that somewhere along the line we are going to have to be able to convert our coal more efficiently into some type of fuel like a liquid fuel and also that we should be pushing the nuclear solution? Because both of those seem like there is a lot of American energy that we can use wisely, and we don't have to be dependent on all kinds of other corners of the world that may be a little bit unstable. From your point of view, does that seem to be a reasonable sense?

I mean, we drove by those windmill farms, and I think I am kind of a environmentalist, but I am thinking those are really eyesores. I would be more comfortable with some of the success we have had with nuclear and with coal.

So if you would like to comment on that, sir.

Mr. ALLRED. Congressman, we are going to have to have a wide variety of sources. In fact, I tell people that if you look at the EIA forecast, it is going to take every possible thing we can do if we want to maintain the economy that we have.

Nuclear, while it is not my direct responsibility, I have worked in a lot of nuclear issues, and it will be very important to us. But it is probably going to be beyond 2030 before it contributes substantially. There are two other resources that we have got to learn how to do better with. Certainly, coal. We have tremendous coal resources, both on Federal lands and on other lands.

The other resource we have, which we have not developed and which will be challenging to do so, are the oil shale resources in

the Rocky Mountain States. Those are tremendous resources, and it will be a challenge to figure out how to do it. Those are opportunities I think we have to find solutions to help meet our needs in the future.

Mr. AKIN. Thank you.

Thank you, Madam Chair.

Chairwoman VELÁZQUEZ. I now recognize Mr. Bartlett for the second round.

Mr. BARTLETT. Thank you very much.

Sir, you mentioned that in your current business climate, it is going to be very difficult for businesses, including small businesses, to continue to prosper without the accessibility to fossil fuels that we have had; that, therefore, the right thing to do is to go out and aggressively drill for the little bit of fossil fuels that remain. If our civilization was coming to an end, that might be a wise thing to do.

Sir, you cannot pump what is not there. There is increasing evidence that the world just will not have the ability to increase the production of oil and gas in the future. I would be very suspect, sir, of the prognostications of USGS and of what oil is going to be found. Laherrere says their projections are absolutely implausible, that we are going to find as much more oil as all the known reserves that exist in the world today. Even, sir, if that were true, it only moves peak out about a dozen years.

Albert Einstein, when he was asked what the next great force in the universe was going to be, he said the greatest force in the universe was the power of compound interest. Two percent growth doubles in 35 years. It is four times bigger in 70 years, eight times bigger in 105 years, and 16 times bigger in 140 years.

Mr. BARTLETT. We just are going to have to find a way to have prosperous businesses without using increasing amounts of fossil fuel, because, sir, the evidence is they are just not going to be there. Our country reached that point in oil in 1970. In spite of drilling more oil wells in all of the rest of the world put together, we still are producing only about half the oil that we produced then.

Coal has been mentioned. There is probably about a hundred years of coal remaining, not the 250 years we have been quoting. The National Academy of Sciences says it hasn't been looked at since the 1970s now, and they believe about a hundred years. Even, sir, if there were 250 years, if you increase its use only 2 percent that shrinks to 85 years. If you use some of the energy to convert it to a gas or a liquid it shrinks to 50 years. And if you share it with the world and there is no alternative to sharing it with the world, because if we use oil that we get from coal, then the oil we might have bought from Saudi Arabia is bought by somebody else, isn't it? So from a practical world perspective we must share whatever energy we develop with the world, because if we are not using energy from over there someone else has access to that energy.

You are correct, sir, there are huge amounts of potential energy in our oil shales, more than all the known reserves of oil in all the world, recoverable reserves in all the world. But, sir, there is also more energy in the tides or in methane hydrates, more energy in methane hydrates than all the fossil fuels in all the world, includ-

ing those that we have burned so far. But because the potential energy is there doesn't mean it is in your gas tank. There is an old adage that says that energy and power to be effective must be concentrated.

Shouldn't we have started a long time ago an aggressive program to develop alternatives knowing that since the United States peaked in 1970, which is certainly you know an indication that we are a major part of the world, if we peaked in 1970 and the same person who predicted that peak predicted the world, we would be peaking about now, shouldn't we have started a long time ago to develop alternatives rather than sitting here today using ethanol from corn, doubling the price of corn, increasing the price of wheat and soybeans and rice around the world, headlines above the fold, Washington, the New York Times a couple of days ago, saying that the leaders of the Third World countries were complaining that we were starving their people because our corn ethanol program has more than doubled the price of corn, wheat and soybeans and rice around the world? Shouldn't we have started a very long time ago, sir, to do this?

Mr. ALLRED. Congressman, I think it is extremely important that we identify and develop alternative energy sources. What you find though is that if we rely, which we do, on private business to accomplish these things it all has to do with the price of energy. And many of these things even today are very difficult to get people to invest money in and to receive an adequate rate of return.

Mr. BARTLETT. Isn't that why we have a government, sir, that is supposed to exert leadership?

Chairwoman VELÁZQUEZ. Can you answer with a yes or no since we don't have much time left?

Mr. ALLRED. That is a tough one to answer.

Chairwoman VELÁZQUEZ. Let me just say the time has expired. But Mr. Bartlett, two things. This side of the aisle really enjoys your participation when it comes to energy policies, and I for one will be making a recommendation to any Democratic administration to appoint you as Department of Energy Secretary. The time has expired. And I want to take this opportunity again, Secretary Allred, to thank you for your participation. And we will continue to monitor BLM's mission to make sure that steps are taken to protect small businesses that are such an important sector of our economy.

Mr. ALLRED. Madam Chairwoman, it is a pleasure to be here and visit with you, and any time that you would wish to talk I am most willing to do so.

Chairwoman VELÁZQUEZ. The gentleman is excused, and I will ask the witnesses of the second panel to please come forward. Good morning, gentlemen. And I will introduce our first witness Mr. Gary Amerine. Mr. Amerine is the owner of Greys River Trophies located in Daniel, Wyoming. His business provides hunting and summer horseback trips in the Wyoming ranch. Mr. Amerine has been in the big game hunting and back country recreation business for over three decades. Gentlemen, welcome. And you have 5 minutes. That is the timer. With the green you start. The yellow is tell-

ing you that your time is almost there to expire. And the red you should wrap up. Thank you.

STATEMENT OF MR. GARY AMERINE, GREYS RIVER TROPHIES, DANIEL, WYOMING

Mr. AMERINE. Chairwoman Velázquez, members of the Committee, thank you for the opportunity to speak to you. My name is Gary Amerine, and I own and operate Greys River Trophies with my wife Jennifer. Our small business is a hunting, fishing and horseback riding outfit in the Wyoming Range of western Wyoming. These mountains provide a livelihood and a safe environment where we have lived for many years and have raised three wonderful daughters.

People from all over the world come to enjoy the basin where I live. They come to hunt, they come to fish, they come to just relax. Nearly every type of recreation is here; back country skiing, snowmobiling, horseback riding, backpacking, canoeing and much more. In recent years the production of natural gas has brought many new jobs to the region, and our economy has shifted suddenly from tourism and agriculture to extraction. Some businesses enjoy the bustling economy, but the rapid increase of gas production on public lands has also come at a price. Small tourism businesses like mine in and around my home town of Pinedale, Wyoming are paying the price of the rapid growth. Our business depends upon our great outdoors heritage, particularly abundant wildlife and fish populations and wide open beautiful vistas. I have got to tell you that all three are in decline in the rural area where I live. Like I said, there is a price to pay for the boom we are experiencing.

Every year I have hunters come to my hunting camp from all over the country and even other parts of the world. They spend money in my hometown and they pay for my services. Some are starting to go other places rather than return for a hunt with me. Why? Because fewer licenses are available to nonresident hunters than in years past. Nonresident mule deer licenses have dropped from 1,400 to 800 in the past 5 years, a reflection of our declining deer herd which has fallen nearly 50 percent in recent years due in part to the ongoing impacts of energy development.

The gas industry has also impacted a diversity of the economy across the Rocky Mountain region. When our local Sublette County Outfitters and Guides Association in Wyoming went to host the annual spring convention of the Wyoming Outfitters and Guides Association this past spring, there were not enough motel rooms available for everyone as gas workers had rented them all. The convention had to be moved to another community, giving that chapter the opportunity to reap the benefits of hosting the spring convention. This is a meeting that brings several thousand dollars to the host community, money that the Sublette County outfitters use for the benefit of the local community. A portion of this money would have been used for the funding of local college scholarships. Sublette County will not have the opportunity to host this event for several years as the convention rotates around the State. Sure the nonsustainable industry brings money to our town but tourism is renewable. I think we can have both industries, I think we can have balance.

Right now the Wyoming Range Legacy Act, S. 2229, is working its way through the Senate. This is a bill that gives us a little bit of balance by setting aside 1.2 million acres of public national forest from future oil and gas leasing. This is a place where other uses and other diverse businesses contribute to other segments of our economy, in particular ranching and tourism. These are aspects of our economy that are sustainable and renewable. Oil and gas are not.

I am not against oil and gas development. I am not a hypocrite. I heat my home with natural gas, I burn fossil fuels when I haul my horses in the mountains. But I do think there are places that are too special to drill. Come out and see for yourself. I will have a horse saddled for you.

Wyoming is leading the way in energy production. Sublette County, where I live, is a big part of it. Two of the country's largest gas fields, the Pinedale Anticline and the Jonah Field, are within a short drive of my house. The impacts to wildlife in both these areas from intense energy development have been dramatic. Researchers have found mule deer responded to development immediately showing avoidance and a change in habitats which has ultimately led to the decline in the mule deer populations by 46 percent.

We Wyoming people are a practical lot. We know that sometimes it is tough to live here, far away from shopping malls and interstates. But we also love our wildlife and our wild country. We know that there is a place for balance. Right now we feel like that scale is tipping very much in favor of the gas industry over the traditional ranching and tourism economy.

Over the past decade, the Federal Government has leased nearly 27 million acres for oil and gas development, resulting in an unprecedented loss of fish and wildlife habitat in the Rocky Mountain States. Nearly 20 percent of Wyoming, accounting for more than 13 million acres, is leased for oil and gas development. We would like to keep some of our valuable public land for our kids, for their kids, for your kids for balance.

Again, thank you for the opportunity. I am happy to answer any questions.

[The prepared statement of Mr. Amerine may be found in the Appendix on page 46.]

Chairwoman VELÁZQUEZ. Thank you Mr. Amerine. Our next witness is Mr. Bill Dvorak—

Mr. DVORAK. Dvorak. Close.

Chairwoman VELÁZQUEZ. —owns Bill Dvorak's Kayak and Rafting Expeditions in Nathrop, Colorado. His business was founded in 1969 and provides whitewater rafting, kayaking and fly fishing trips in 11 rivers across the West. Mr. Dvorak's business has been featured in National Geographic and on ESPN. Welcome, sir.

STATEMENT OF MR. BILL DVORAK, DVORAK EXPEDITIONS, NATHROP, COLORADO

Mr. DVORAK. Thank you, Chairwoman Velázquez, members of the Committee. Thanks for the opportunity to speak to you. I am

Bill Dvorak, and I was raised on a small ranch about 20 miles north of Sheridan, Wyoming near the Montana border.

I have been outfitting and guiding hunting, fishing and river trips in Colorado, Utah, Wyoming, New Mexico and Texas for the last 30 years. While outfitting and guiding these trips I cover tens of thousands of miles each year and have developed an intimate understanding of the West and its special places. In the last few years I have witnessed unprecedented industrial grade energy development throughout the intermountain West.

You will see from a map of the rivers I run that I outfit right in the heart of oil and gas development. I am willing to bet that everyone you will be hearing from today agrees that oil and gas drilling is a legitimate and important use of public land. I personally support responsible energy development wholeheartedly. The problem is that over the last 6 years or so the oil and gas industry has become the dominant tenant of the public lands where subsurface fossil fuels are found. In fact, the BLM's current policy is so out of balance that there is rising concern, a cause of concern among State and local elected officials, game and fish departments, hunters, anglers, ranchers, farmers and other residents of the real West. But the lands we have used for a generation is changing and it is not for the better.

With 26 million acres of public land leased to oil and gas companies already and 126,000 new wells planned for the next 15 years, it is no surprise that people are concerned. There is no doubt in anyone's mind that energy development will take place. The question is will it be done in a way that protects wildlife habitat and the outdoor heritage that is part of the distinctive western way of life.

It is important to remember that wildlife, rivers, streams and entire landscapes are the true economic foundation of this region, and they all depend on conserving key habitat on public lands. If we don't figure out how to drill for oil and gas with a smaller industrial footnote on our public lands the other uses of these lands will continue to suffer.

The latest U.S. Fish and Wildlife Service reports found that fishing contributes about $582 million every year to the Colorado economy. Hunting contributes another $449 billion. And wildlife watching alone contributes $1.4 billion to the Colorado economy in 2006. That is over $2.5 billion in one year. Clearly hunting and fishing are important parts of western economy, and protecting pristine habitat on public lands plays a critical role in maintaining the ability for individuals, outfitters and small businesses to partake in these activities and make a living.

Many of the small mom and pop businesses in rural Colorado make about 70 to 80 percent of their yearly income in the 2 to 3 months of hunting season. There are recently 5 spills of drilling mud and drilling related chemicals in Garden Gulch on the western flanks of the Roan Plateau, only one of which was reported by industry. In one spill alone more than a million gallons of mud and chemically tainted water found its way into the gulch, which eventually feeds into the Colorado River, a river that I use to make a living. These spills were particularly difficult for me to hear about because I fly passengers on my Desolation and Gray Canyon trip

on a small plane from Grand Junction, Colorado. All they see on the flight until they get to the landing zone on the mesa is oil and gas wells and the accompanying roads, pipelines and infrastructure that go with them. I would love to be able to tell my clients that development isn't going to impact their back country experiences, but I simply cannot say that with conviction, given the pace of development right now and the fact that it is often done without regard to fish, wildlife and water resources, and there is little or no regulation.

I am proud to say that I am currently involved in an effort to develop real solutions to the challenges we face in the West and push for those changes in Congress and the incoming administration. Sportsmen for Responsible Energy Development, a collaborative campaign that was launched yesterday involving the National Wildlife Federation, Trout Unlimited and the Theodore Roosevelt Conservation Partnership and hunting and fishing groups and businesses around the West, is a historic effort to bring balance to our public lands energy policy. Together we have developed the Sportsmen's Bill of Rights on Energy Development, a comprehensive list of 10 rights that all sportsmen should enjoy when it comes to public lands. We are working to have these incorporated into legislation and into new administrative rules, for our public lands support multiple uses and don't focus only on energy extraction.

With the Bill of Rights in place small business owners like me will be able to continue to maintain the lifestyle we love and sustain ourselves and our families while continuing to operate on public lands. We should all be able to tell our children and grandchildren we did what we could during our lives to leave them something, to give them the same quality of life we have had, to know that they will take their children and grandchildren to the same places our parents and grandparents took us to learn how to hunt, fish, hike and develop an appreciation of the world around us.

I am here before you today and out on the front lines tomorrow making sure I can say these things to my family in my old age and to do so with a clear conscience. Thank you for your time.

[The prepared statement of Mr. Dvorak may be found in the Appendix on page 50.]

Chairwoman VELÁZQUEZ. Thank you, Mr. Dvorak. Our next witness is Mr. Chris Velasquez. Mr. Velasquez is a fourth generation rancher from Blanco, New Mexico. Mr. Velasquez has been a rancher all his life. In 1995, Mr. Velasquez and his wife were awarded the Rangeland Management Award for New Mexico, nominated by the Farmington Bureau of Land Management Office. Welcome, sir.

STATEMENT OF MR. CHRIS VELASQUEZ, RANCHER, BLANCO, NEW MEXICO

Mr. VELASQUEZ. Good morning, Chairwoman Velázquez and members of the Committee. Thank you for inviting me to address this Committee. My name is Chris Velasquez and I have been ranching all my life. My great-grandpa ranched in the same area

where I currently ranch. In 1995, my wife and I were awarded the Ranchland Management Award for New Mexico.

I am not opposed for those companies to drill on BLM land if they do it in a responsible manner. In 2006, because the increased number of wells, pipelines and roads on 22,000 of our allotment made it uneconomical to run summer cattle there, I felt I had to sell it. This allotment was the most impacted of the BLM field office of the allotments. Roads, pipelines, wellpads, sandstone quarries, disposal and transmission sites all are the results of reducing availability to natural forage for the cattle and wildlife. The industry is reluctant to follow reasonable business practice to remedy these business losses. Not paying on a reasonable amount of damage money in a reasonable amount of time, I haven't been paid damages yet for a calf injured by a vehicle in March of 2007 or for cattle that escaped on the same time due to lack of required cattleguard maintenance.

This is a compressor station within 2 miles of my home, and the level of the noise is so high it reaches inside my home. This map is from around 2004 from Google Earth. It shows the area of our ranch. Each white dot is a wellpad or an associated oil and gas location. A spiderweb of roads and pipelines fracture the area and make ranching less and less profitable.

These are two more aerial photos of the ranch. In 2005 this BP unlined pit was full of oil by-products and oilfield trash. The fencing around this pit did not meet BLM standards. My cattle, as well as wildlife, had easy access to this contamination.

BP constructed a landfarm for remediating contaminated soil within 100 feet slightly uphill of this livestock watering pond. This was done on my private property without my permission. I found this pond one day with a thick oily film of water. My cattle were drinking from it and I took three test samples from it. One sample showed positive petroleum content and three showed traces of petroleum content. BP made no effort to respond to this problem.

On March 8, 2008, I observed this cow drinking from this tank. This tank was dry when I found it, but had 19 inches of liquid in it recently, which was evidenced from the oily fluid level mark on the inside of the tank. My whole herd was in this area and also had access to this tank. Chickenwire is not a sufficient barrier. This tank should have had either a complete expanded metal cover or approved BLM fence around it to protect access to livestock and wildlife.

I have complained twice to BP and BLM about oil around the compressor and the holding tanks without screening at this site. This is just another example of the trip to my ranching business I face on a daily basis from the oil and industry. This is the same cow that was drinking from the last of the fluids in this tank on March 8th. Notice the hair loss around the muzzle and around the ears, which on both sides of her nose are falling off, and then her back ears, and then alongside her neck she had white spots that were falling—she was losing her hair.

My pregnant cows have also aborted their calves after drinking contaminated liquid at well sites. I had a licensed veterinarian take blood samples of this specific cow and three more from this herd on April 4th. By phone on Thursday, April 10th, he reported

to me that three out of the four cows tested positive with toxic damage to the livers and kidneys. This means that I will have at least three cows out of this herd and probably more that will either die or be infertile. And this is just one of the many times industrial has failed to properly fence dangerous areas injuring my cows. Will the industry pay these damages? Their track record shows that it will take me time and effort to extract any damages from BP for this breach of BLM regulations and best practice standards.

This is just another picture of a calf losing hair, body hair. This calf was also tested positive with oil by-products.

The road conditions are a major problem in the area on my allotment. This picture shows a result of flat-blading. Flat-blading creates a road surface that does not allow water to drain to the side of the road properly. The ruts in this road are over 2 feet deep. Note the pitchfork with a yellow flag forcing traffic to go around the main travel road destroying additional natural surface areas. This is another example of flat-blading. Note the 12-inch high pressure gas line, transmission line that has been excavated by erosion and runoff. Also note the pitting on the rust on the outer surface. If heavy equipment or an accidental vehicle contact would have hit this pipeline it could have ruptured it causing a fiery explosion and death or injury to anyone close by. No safety barriers were in place here to notify travelers of the hazard.

Our public land is a national treasure for all to enjoy. As a rancher I am committed to its protection. And reasonable oil and gas production has destroyed many parts of our public land. These damages will persist for lifetimes. It is time to enforce the law and require proper land stewardship from oil and gas. As a rancher I want my business protected from these impacts of oil and gas industry. Thank you.

[The prepared statement of Mr. Velasquez may be found in the Appendix on page 55.]

Chairwoman Velázquez. Thank you very much.

Mr. Scott Moyer, our next witness, is the owner of Down Valley Septic and Drain in Rifle, Colorado. Down Valley Septic is a small business that has over 33 employees. Mr. Moyer and his wife have operated the company for over 11 years, and the company offers septic pumping, portable toilets, tank rentals, roll off containers and potable water services. Welcome.

STATEMENT OF MR. SCOTT MOYER, DOWN VALLEY SEPTIC AND DRAIN, RIFLE, COLORADO

Mr. MOYER. Thank you, Madam Chairwoman, members of the Committee. Thank you for having me. I would like to admit my statement into the record if I might and just talk to you this morning. My wife and I—

Chairwoman VELÁZQUEZ. Without objection.

Mr. MOYER. Thank you. My wife and I moved to Garfield County in Rifle, Colorado about 12 years ago. Our income at that stage of our lives was extremely low. We were surviving on probably $20,000 a year between us to support ourselves, which was mostly the case in our county. The county had a lot of employees in it that

were at medium income jobs, minimum wage, getting by, things of that nature.

Today as I sit in our community in our restaurants and in town, I see people living a lot better than they did 10 years ago, having more things available to them, nicer houses, I see higher education, getting a lot of funding from oil and gas and tax bases in our community. My friends' children and the people in our town can afford higher education and are going to school, spending money, improving our community. We see a lot of funding going to the Department of Wildlife, developing programs to help with the mitigation between the wildlife and the drilling, and it seems to be working. Today I can honestly say in our community there is more people working, a better quality of life than we had a decade ago.

Our community was mainly a tourist-based economy, which was great for a lot of people 2 to 3 months out of the year, and then everybody left. As soon as the winter came our population would go down, our earnings would go down and our businesses would shut. Today we enjoy year-round businesses, we enjoy seeing businesses thrive and more people owning their own business. I have seen an increase of 100 percent of the people that used to be my neighbors working at McDonald's, working as the janitors in our schools, that now have enough income and opportunity that they can truly start their own business and enjoy the benefits of having a good economy in our area.

We do not have a lot of foreclosures on our homes in Garfield County in western Colorado where I understand the rest of the country is in crisis. We do not have a lot of foreclosures on our street. People are working, they are spending their money. Our community is improving and we actually can talk about investments.

Like Mr. Bartlett spoke of, investing in renewable fuels, renewable energies, it takes money. And the common man cannot afford to invest in renewable energy, energy fuels, things of that nature, for the next generation unless we have the money to do so. And too many people are trying to survive in the rest of the country on minimum wage. I don't know anybody that can invest money at $5.75 an hour or $6 an hour. They can barely afford health care. They can't afford their housing. And now with the energy development it allows my community to truly do those things.

We see a lot of community benefited programs that are now popping up that are backed by energy companies. They pay an abundance of taxes where my taxes have not risen in Garfield County. The money goes to schools, the money goes to our roads, it improves our infrastructure and truly benefits everybody in the community, not just a select few.

Ten years ago when we came to the valley I started my company, and I actually had to work two jobs, not just my primary job pumping septic tanks and doing our normal business. I had to pump gas at night just to make the bills meet. But that is what we did because that is how my community got by; we worked. And if we have to work day and night that is what we do to pay our bills and to make things good in our community. Now that we have jobs and people coming from all over the company to fill those jobs, like I say, it allows us to work a lot less and then truly enjoy our money,

enjoy our hunting and our fishing and the recreational sports that we do have available to us. And I see all of those businesses flourishing.

And that is about all I have to say. Thank you, Madam Chairwoman.

[The prepared statement of Mr. Moyer may be found in the Appendix on page 65.]

Chairwoman VELÁZQUEZ. Thank you, Mr. Moyer. Mr. Dvorak, I would like to ask my first question to you. BLM is tasked with managing land for multiple uses to best meet the needs of the American people without permanently impairing the quality of the environment. Do you believe that BLM is meeting that goal, and how do they take into account the needs of small firms like yours which depend heavily on recreational use of the land?

Mr. DVORAK. Well, it is real easy for BLM to talk the talk, but when you see them out on the field they are not really walking that talk, because there is almost nobody in the field actually monitoring what goes on in gas and oil extraction. Most of the people that still work for the BLM, all they are doing is issuing permits.

There is a real frustration. My brother-in-law was actually the district manager of the BLM in Casper, Wyoming. And he talks about how a lot of people who have resisted what is going on in the current administration have been forced into retirement, how a lot of biologists and people who are concerned about the ecology have actually been forced into other jobs, forced into areas that they no longer can have any sort of say on how the BLM is managing the land.

And so no, in answer to your question I think the BLM is doing a horrendous job of managing public lands for multiple use.

Chairwoman VELÁZQUEZ. Thank you. Mr. Amerine and Mr. Dvorak, I will invite you to comment on this question. More than 87 million Americans spent over $122 billion on wildlife-associated recreation in 2006. How do those billions of dollars help small firms create jobs out West and do your clients support other local businesses and stimulate local economies? Mr. Amerine.

Mr. AMERINE. Madam Chairwoman, our local economy is out of whack right now. The energy development going on around us has allowed the high school kids, the ranch kids to go out and drive a water truck for $20 to $25 an hour. It is very hard for the small businesses in the surrounding area to pay those kind of wages. Granted, the local hardware store is booming because of the influx of oil and gas workers. But the poor guy is working himself to death because he can't get any help to run the counter for him or the back room.

The same thing is a happening on the ranches. To get a kid to buck a bale of hay right now is almost impossible. They just simply won't do it. The ranchers cannot afford to pay the wages that are going on around it. The same thing with my outfitting business. Three guides I have working full time for me love what they are doing, and that is the only reason they are doing it. If it was a financial gain for them, they would be in another place.

Chairwoman VELÁZQUEZ. Mr. Dvorak.

Mr. DVORAK. Again, I happen to live in an area that is not directly affected by oil and gas. In my community the major economic driver is the river business. We generate something like $390 some million a year in the State of Colorado. The Arkansas River where I am based on is the most popular whitewater river in the world. My particular company is actually sort of the largest customer of the local Safeway store. We have about 300 guides that live in the valley, and all of the economy that is generated through their wages and things like that goes directly back into that community. Most of us are year-round residents there, they own companies there. So our kids go to school there. You know, we buy our insurance, we do all the things that a small business would do for that community. If that answers your question.

Chairwoman VELÁZQUEZ. Thank you very much. Mr. Velasquez, you explained to us the contamination that has taken place in the land that you lease. Can you talk to me, who are you reaching out to asking for help; BLM?

Mr. VELASQUEZ. Madam Chairwoman, yes, we used to have meetings with BLM and the oil companies on a daily basis because this problem has been going on for 20 years-plus on my operation. And we thought we could solve it by having meetings with the oil companies, bringing them in on board.

Chairwoman VELÁZQUEZ. This is BP?

Mr. VELASQUEZ. BP, ConocoPhillips, Williams Field, every company that is available there in the four corners. We bring them into those meetings and spend 4 or 5 hours with them. We are the only ones not getting paid to go to those meetings. BLM was getting paid and the staff was getting paid, the oil companies. We were sitting there until we found out that we didn't have no voting right when they made decisions on that board so we quit. And I had brought it up to the—we used to have field tours with oil companies and the BLM until I got plumb fed up. I don't do that anymore. They know what they need to do. The regulations are in place by BLM. They are not enforced. And just on that instance, on the cows drinking that contamination of that tank, that tank in 2005, and I got pictures of it, didn't have a screen on it or nothing to protect the wildlife or my cattle. So I called BLM, they went ahead and put that chickenwire on it and now my cows get into the same tank and they are turning out positive with contamination to the liver. This has been an ongoing problem constantly. And the BLM manager in the Farmington office told me at one time he didn't want to see my pictures again or anything that I had to report on BLM lands.

So I deal with the BLM Director from the State of New Mexico, Linda Rundell, but it is a ongoing problem for me. And BLM has not helped me protect my interest on public lands at all, because I still got the same problems that I had 20 years ago with cattleguards contamination going on still today. It is frustrating.

Chairwoman VELÁZQUEZ. It is. And I hope that you are reaching out to your Member of Congress to get him to intervene.

Mr. VELASQUEZ. Yes. I have been working with them trying to get them to help me out.

Chairwoman VELÁZQUEZ. Mr. Moyer, you mentioned that there are many examples of oil and natural gas companies being good

stewards of the land. Can you give us some examples of energy firms working to minimize their impact on the environment?

Mr. MOYER. Yes, ma'am. As a matter of fact 2 weeks ago Williams Energy and EnCana Energy made large donations to the Department of Wildlife to help start monitoring programs above and beyond what the BLM and the local and State government have implemented to them.

Chairwoman VELÁZQUEZ. But if they are causing some type of contamination, are they being responsive in cleaning up and restoring?

Mr. MOYER. In all honesty, Madam Chairwoman, I have not seen the type of factors that they are speaking of. In Garfield County I live next door to one of the largest cattle ranches which has drilling wells on it, and I have not seen any type of the behavior that he spoke of with these particular oil companies. They do a good job, as far as I can see, with the cattleguards and the fencing. They have, on the contractors like myself that work for them, they have rules and regulations that they monitor them and they are very serious that they impose and make sure that we are following.

Chairwoman VELÁZQUEZ. So you work for the energy company?

Mr. MOYER. I work for my local citizens first and then I work for my oil company second.

Chairwoman VELÁZQUEZ. But you are being employed by the oil company?

Mr. MOYER. I am employed by everybody in my county, not just the oil and gas people. My priorities and my loyalties are with what is right and wrong, not with who signs a bigger paycheck.

Chairwoman VELÁZQUEZ. Thank you.

Mr. Chabot.

Mr. CHABOT. Thank you, Madam Chair. I wanted to apologize to the panel because I had to go to another committee hearing and that is why I didn't hear all your testimonies here in person. And since the gentleman from Missouri was kind enough to fill in during that time and was here to hear all the testimonies, I am going to defer to him for the questioning at this time. And I will wrap up at the end. So I will yield my time to Mr. Akin.

Mr. AKIN. Thank you very much. I have got to scoot to another hearing, too, in just a minute. But I think what I am coming away with from the hearing, and that this is a balancing act and there has to be team work, people have to work together. And what I am hearing is that at least in some areas BLM is just not doing the job that they should be in making sure that we are keeping up certain standards. One of the things that was interesting from the aerial photos is the fairly large footprint at these different facilities. Are those footprints that we are seeing in the pictures just recently drilled or does the foliage have a chance to grow back after a period of time? And are there standards about how much land you have to disturb in order to—is this all natural gas, by the way, or is this oil?

Mr. VELASQUEZ. This is natural gas in our area.

Mr. AKIN. Mostly natural gas?

Mr. MOYER. Mostly natural gas.

Chairwoman VELÁZQUEZ. Yes.

Mr. AKIN. And the natural gas is going to last for some period of time, right, and then they just cap things off and can go, is that right? How long do these wells last? And is there some sort of requirement to keep the footprint as small as possible, because it looked like they had roads in large areas, pretty big areas that were being used just for one to poke a hole in the ground?

Mr. VELASQUEZ. That is what they do in our area, just use one patch just for one well. Very seldom do they use directional drilling. And that impact has impacted the wildlife and my operation. Because every time they take a road and a pad out of production on a forage or a pipeline they don't reseed or reclaim it correctly. And that land that we live on is real fragile. There is a lot of sandstone that erodes real quick. So if they don't build that road up to BLM standards you got a big ditch in the middle of the road or the water just travels down the middle of the road and never gets back to the forage like it should be.

Mr. AKIN. Yes, Mr. Moyer.

Mr. MOYER. The vast majority of drilling in western Colorado is now done directional. They run I have seen anywhere from 9 to 15 wells going on one pad and all handled directional.

Mr. AKIN. So there is a newer approach to doing it?

Mr. MOYER. Not necessarily newer. It is a lot more expensive.

Mr. AKIN. To do that type of drilling, to do the angular?

Mr. MOYER. Correct.

Mr. AMERINE. Congressman, if I may comment on this. Two of the largest gas fields in the continental United States are within a short drive of my house, the Jonah and the Anticline, producing huge amounts of gas at this time. Unfortunately, it is sitting at 7,000 feet. That area does not recover from impacts. I can take you into areas that were wildcat drilled back in the 1970s and 1980s, and they are highly defined, they just don't recover. And along with that is our pronghorn and mule deer. You can replant these areas with grass. Deer and antelope will starve on grass. They need the bitter brush, the sagebrush. It takes generations for that to come back.

Mr. AKIN. Madam Chair, I was just thinking that just sitting in this room gets a little tiresome. Maybe we need to take the Committee on a couple of river trips if you could arrange it. Thank you.

Chairwoman VELÁZQUEZ. I think that there will be bipartisan support.

Mr. DVORAK. If I can just comment, what you guys need to do is to do a field meeting out there and look at the impacts of what is going on. I mean, we can sit here and talk. And again, anybody can talk the talk. But for you to actually see it and be on the field and deal with the folks who have had—and we talk about leasing on private lands. Well, you know, if your private land is adjacent to somebody else who has a lease on theirs and you are downwind of that particular oil and gas well and 24/7 you are listening to that pounding and you are smelling those fumes, tremendous numbers of people are just getting very, very ill, and they are having all sorts of endocrine damage. There are a lot of other things beside small businesses and wildlife habitat issues here. There is tremendous public health issues here.

In Colorado last year we actually passed a wildlife habitat protection bill, and it went through both of our legislative houses unanimously, because people have recognized that we have serious problems here.

Chairwoman VELÁZQUEZ. The time has expired. Ms. Clarke.

Ms. CLARKE. Thank you, Madam Chair. I agree, we need a field exploration of this issue. One of the things that, and I think it gets to the heart of something that Mr. Bartlett said in his comments, is that you know there are short-term gains and then there are long-term legacies. You know, we know that right now, Mr. Moyer, your community is flourishing as a result of what is taking place there. But we know that industry will come to an end at some point in time. Maybe not in your lifetime, but perhaps in your children and your grandchildren's time. And so we have to be visionary in custodianship of the industries that are currently providing a service, and a very valuable service to your community and its growth.

But when you talk about the natural habitat that provides for ranches work, which is enduring, the exploration and the types of outfitting work that those two gentlemen on the end of the table with you are talking about, which is enduring, we have got to find that balance. And I think that it will be the leadership of communities like yours in talking about what—now that you have gotten to this level of technological and industrial growth—what is going to be the next phase. And how do we encourage that in a way in which, and how do we advocate for it and how do we push government to respond in a way in which it makes its transition? Because truly you are at the end of a gain, and that is something that we all recognize in the United States of America. But are we going to kill off everything else around it so that we never recover, we never recapture, we never renew ourselves as an environment for that gain? And I think that is essentially the question that is being asked here today. And we do have to be forward thinking about what happens to a community that has been able to really stand up as a result of these industries that have come in. We have to look very closely at how this is regulated, because there is no doubt that there is dereliction of duty and recklessness taking place as well. And to turn a blind eye to that could be perilous to us in the end.

So Madam Chair, I don't really have a question because I think, you know, enough has been said and enough has been put out there from each of you as witnesses. And I can appreciate it because you brought a balance to what happens. But we ultimately want to get to the win-win solutions here, and that is what government is about. If we are being derelict of duty, we are being reckless in allowing other small businesses to trample other small businesses when there is enough room for everyone, then we are not doing our duty here.

So I want to thank all of you gentlemen for again shedding light and bringing this forth and being very honest about how this activity is impacting on your businesses.

Chairwoman VELÁZQUEZ. Will the gentlelady yield?

Ms. CLARKE. Yes, Madam Chair.

Chairwoman VELÁZQUEZ. It is not small businesses against small businesses. BP is not a small business.

Ms. CLARKE. You are absolutely right.

Chairwoman VELÁZQUEZ. I just wanted to make sure. Thank you.

Ms. CLARKE. Thank you, Madam Chair.

Chairwoman VELÁZQUEZ. Any comments?

Mr. VELASQUEZ. I would like to make another comment. In every wellpad that you see there, there is either a compressor going on or a pump jack. Even sometimes both are running 7 days a week on the same pad. So the noise level is unbelievable you get out there.

Chairwoman VELÁZQUEZ. The time has expired.

Mr. Bartlett.

Mr. BARTLETT. Thank you very much. I was interested in the obvious conflicting interest expressed in the testimony of Mr. Velasquez and the testimony of Mr. Moyer. Mr. Moyer's testimony about the increased prosperity that came to his community when they started the drilling is just an expression of the incredible quality of energy that we get from these fossil fuels. I think the most insightful speech given in the last century was a speech given by the author by Nuclear Submarine Hyman Rickover, to a group of physicians in St. Paul, Minnesota on the 15th day of May 51 years ago. And he noted that this incredible quality and quantity of energy, one barrel of oil, has the energy equivalent of 12 people working all year. This has enabled us to develop a truly golden age, which is what Hyman Rickover referred to it as.

By the way, you can find the speech if you do a Google search for Rickover and energy speech. And I think you will find, as I have found, that it is probably the most interesting speech that you have ever read.

Well, this is the crux of the problem. It is what got us to where we are today. Because our society has benefited now for 150 years and benefited so spectacularly from a quality and quantity of energies in these fossil fuels we have pursued these fuels with the same intensity that the dope addict pursues his drug, and with wanton abandonment, with no more responsibility than the kids who found the cookie jar or the hog who found the feed door open, we have just been pigging out. The behavior is as if oil and gas were going to be forever. Clearly they cannot be forever. Clearly they are finite.

Our country reached its maximum oil production in 1970, and in spite of drilling more oil wells than all the rest of the world put together, today we produce about half the oil. By the way, that is in spite of finding oil in Alaska and in the Gulf of Mexico which wasn't included in King Hubbert's prediction. Today we produce about half the oil that we did in 1970.

This is very interesting testimony, Madam Chairwoman, because it indicates to us the incredible challenge that we face. How are we going to continue the quality of lifestyle that we have when we are going to be dependent on renewables that will not have the quantity and quality of energy that these fossil fuels have?

America is the most creative innovative society in the world. This is a huge challenge. I am excited about this. The world has never faced a problem like this—not my quote. This a quote from a major

study paid for by your government and ignored by your government about peak oil, which said that the world has never faced a problem like this.

Madam Speaker, I think we are up to this with proper leadership. We are the most creative, innovative society in the world. What we need is a program that has a total commitment of World War II. In about 6 weeks I reach my 82nd birthday, so I remember that war very well. And we need the technology focus of putting a man on the Moon. Wow, how that invigorated America. Everybody was a part of that first step on the Moon. And we need the intensity of the Manhattan Project. And I think with that that more and more communities will be thriving, Mr. Moyer, like your community is thriving with the energy from fossil fuels because of the activities that are going to be necessary to move from fossil fuels to true renewables.

This has been very enlightening testimony. Thank you all very much. It is very obviously the conflicting interests that we have here. On the one hand our society demands, as a previous witness indicated, our small businesses, he thought, could not maintain their current vitality without unlimited access to gas and oil. There will not be unlimited access until we face a huge challenge in transitioning to these nonfossil fuels, these true renewables. And I look forward to very exciting times when America has more to do than just watch movies and drink too much. I think there are more exciting things to do.

Madam Chairwoman, thank you very much for this hearing.

Chairwoman VELÁZQUEZ. I will yield on a second and third round to the gentleman.

Mr. BARTLETT. I have got to go. My phone was just ringing. I have an appointment. I thank you all very much.

Chairwoman VELÁZQUEZ. Mr. Ellsworth.

Mr. ELLSWORTH. Thank you, Madam Chair. Thank you gentlemen for being here. I am not quite sure why Mr. Moyer didn't get the memo on the dress code on the boots and hat, but we will figure that one out.

Mr. MOYER. My boots are always rubber.

Mr. ELLSWORTH. You need to invest in a pair of those. But thanks for holding this important hearing. I would just like to associate my comments again with Mr. Bartlett and Ms. Clarke that, Mr. Moyer, I can appreciate when you see the influx of the jobs and the economic development that comes in with that. But then we have to look. And I don't know the life of these wells, if they are 15 years, 20 years. But I just have to guess that the company is not going to stick around and continue that investment when the gas is gone. And so we have to find that mix and leaving that land as pristine as possible so that we can protect those lands. And I have been blessed to be able to come to all of your States and enjoy those exact things that you do for a living, and I appreciate that and want to go back.

Mr. Dvorak, and that is close, you reacted when we were talking about the cost of the directional drilling versus the one hole, and you had a little reaction when we talked about being more expensive, and I don't know if you would like to elaborate on that. It was just kind of a nod and a smile. But are you seeing, and maybe Mr.

Moyer, tell me again the percentage they are doing directional, and then Mr. Dvorak, what you are seeing in that of the directional drilling we are doing? If you two could help me on that.

Mr. MOYER. Well, I am not in a position to know exactly what the cost of our directional, of directional drilling. But I do know from what I hear from my company and all the different companies that I deal with it is a lot more expensive. But they do opt for the more expensive drilling to keep their footprint to a minimum and work from one patch just as long as they can.

Mr. ELLSWORTH. And did you have a percentage earlier of how many you think are done directionally?

Mr. MOYER. I think 80 percent of our wells are now done directional. I may be wrong.

Mr. DVORAK. I think in Garfield County where he refers to there are only eight rigs that concurrently develop directionally. So there is a finite number that they can actually do. So there is still a lot of straight down hole drilling because there is more of those kind of drill rigs available.

I think in the long run a lot of energy companies are finding that directional drilling is actually more economical, because they actually have one road in, they can put a pipeline in, a pipeline out, they don't have to have the pits that Chris is talking about where you have the toxic waste in the pits that either could overflow or animals can get into. So I think in the long run they are going to find that it is more economically to actually directionally drill. It is just that they have a limited number of those types of rigs out there right now. And there is more in production so it is going to take a little bit of catch-up time. So there still is a lot of straight down hole drilling.

And I guess just to your comment earlier and Ms. Clarke's comment, I come from Sheridan, Wyoming. I have seen four boom and bust cycles in the course of my lifetime, primarily coal based. I was based in Grand Junction, Colorado in 1982 on Black Sunday when Exxon pulled out of the Colony Oil sale and watched that economy totally deteriorate. 2,200 jobs were lost overnight. It took that western slope of Colorado 10 years to recover from that. And they recovered by relying on their natural resources, on their lands that you could recreate on. Wyoming, where I am from, in Sheridan, always has gone back to being a ranching community at the each of those bust cycles. So again, it is a land that sort of sustains us. And it is the sustainability of that land that in the long run is what we need to protect.

And again, nobody is against gas and oil exploration. All it needs is the balance that you are talking about, sir, that we can go in there and extract the resources from the Earth and do so in a way that the other things can co-exist with that.

Mr. ELLSWORTH. And just as a—and thank you all very much. Madam Chair, as a final observation, in my brief time in this House I know that the Federal Government creates these programs, BLM, for a reason. And I don't know what we would look like if we didn't have—you know, when the Federal Government steps in to make that balance and protect people's rights. But again, another Federal agency that we create, and yet we are getting bad reports on, and when we call the leaders of the agencies

and they say, well, I either just got here in the last 9 months, that happened before my watch, or we are looking into that. And I have heard that in not just the Small Business Committee, but Armed Services Committee and Agriculture Committee. And I just keep looking at us and saying if it is the administration—not the administration, if it is the bureau's problem, then shame on them, and if it is us not doing our job, then shame on us. And it is pervasive up here when we say I am looking into that or we are getting bad report cards on our agencies. And I yield back.

Chairwoman VELÁZQUEZ. The time has expired. Mr. Chabot.

Mr. CHABOT. Thank you, Madam Chair. Again, I wasn't here for all the testimony, and I understand there were some really superb illustrations and photographs and that sort of thing as well. My comments briefly, and then a question. A lot of the questions that I had have already been asked by others. But in my observation it will be the Bureau of Land Management obviously should use every effort to make sure that the proper balance is being met between protecting the environments of small businesses, such as the folks that are here today are able to make a living and to be able to utilize the land and the natural resources we have and the wildlife appropriately, and at the same time that we are able to go after natural gas and oil, the energy to run this country. Now, oil can be used, and in general of course in this country it is used to run motor vehicles, which is the principal transportation that most people utilize in this country nowadays, at least under the current technology that we have. It can also be used in power plants as coal can be and natural gas and others. About 2 decades ago was the last time we actually utilized one source of power in this country that other countries utilize, and that is nuclear. France, for example, the last figure that I believe I saw was about 75 percent of the power generation over there is nuclear. We haven't built a nuclear power plant in 20 years here. We have some out there that are still in operation, and for the most part very safely being operated. But we haven't built one in 20 years. And I would be interested to know, knowing what we do now, and knowing that our resources, especially in the area of oil, both in this country and the world, are being depleted.

Do you think that in the future that should be an alternative that ought to be considered to power this country so we don't have to be so reliant upon oil? And I see you nodding, so I will begin with you, sir.

Mr. AMERINE. Congressman, I am a firm believer that we have to start looking for other energy sources. Overall, nuclear has been fairly safe. The problems we have had haven't been in the United States, to speak of. I mean, there were a couple isolated incidents, but not really any real problem.

We are going to run out of fossil fuels. It is inevitable, the pace we are going right now, and I look around at what kind of impacts that development is going to leave. What is going to be in the wake of all this development throughout the Western States, an area that does not recover fast from impacts on the landscape.

So, yes, I am a firm believer in any type of alternative energy, whether it be solar, wind or nuclear.

Mr. CHABOT. Thank you.

Mr. DVORAK. If I can comment on that, I have a slightly difference perspective because, in my area, while we don't have oil and gas near where I live, we do have uranium. And there is also uranium on several of the rivers that I operate on. One of the rivers, the Dolores, was actually where the uranium came from that the bombs that were dropped on Nagasaki and Hiroshima came from. There are tremendous uranium resources there.

You have the same kind of problems because the current way of developing uranium is to actually drill and then impregnate the ground with a solution and then to bring the slurry back out, that same mineral that creates the uranium. You have the same kind of problems that you have with oil and gas development, in that to do that, they have to fracture the soil. When they do that, they run the risk that those fractures, instead of going out horizontally, may sometimes go up vertically and then contaminate the ground water that people utilize for either their drinking water or their stock.

So we have issues with uranium mining as well because it is not the old sort of drill a hole in the ground and pull out the yellow cake that we once utilized. Now it is mostly a drilling process.

Mr. CHABOT. Would it be safe to say, really, in essence, that no source of power or energy in the future or now is risk-free?

Mr. DVORAK. I would say that it is not risk-free. I am saying it is going to require the same balance. We need to do it in a responsible way and make sure that the resource is looked after.

Mr. CHABOT. Even wind, for example, now you have people that will talk about the number of birds that end up being killed as a result of that. Some people don't like to have them where they can see them, like up in, I believe, Massachusetts, off the coast up there. There are some folks that have objected to that.

Mr. DVORAK. Again, I think if you can work with your divisions of wildlife and figure out where the main nesting areas and the areas for these birds to be and avoid those areas, and, again, that is what we have asked for in the oil and gas areas, is that these folks consult with the divisions of wildlife and look for where the main winter ranges are, where the migration routes are, where the calving and lambing areas are, and sort of try to avoid those areas or stay out of those areas in the most critical times. That makes a tremendous impact on how the wildlife sustains itself.

Mr. CHABOT. Back to the nuclear, Mr. Velasquez and Mr. Moyer, if you had a comment.

Mr. MOYER. If you think about Three Mile Island, you think about Chernobyl, there is truly no safe form of fuel or energy available to us. There is always going to be cause and effect and a risk on anything that powers our cars or heats our homes. Chopping down trees for firewood, we are going to run out of our forests.

Like you said, it is a point where we need to find the right balance with nature and man and then go from there. I haven't heard anybody mention hydrogen yet. That is where I would like to see it go.

Mr. CHABOT. The President in one of his State of the Union addresses talked about the development of a hydrogen vehicle at some point, too, which I think all of us would like to see. But at

this point, there are a number of technology problems that still have to be dealt with.

Mr. VELASQUEZ. On my part, we get a lot of sun and wind in New Mexico, so we could use a lot of that for alternative energy on our part.

Mr. CHABOT. In some areas of the country, obviously, solar is more realistic than others, and wind as well. I agree with you completely, and I think that is the point, that at this point in time, we have to look at what is realistic and reasonable and what the cost is and the safety issues that are involved and hopefully make the right decisions. That is one of the purposes of this hearing, to make sure that we are considering that.

I think this panel has been very helpful in giving us useful information. Thank you for that.

I yield back.

Chairwoman VELÁZQUEZ. Mr. Moyer.

Mr. MOYER. I was just going to say, we still have one restaurant in town that still has horse parking. You can tie your horse up to his restaurant any time.

Chairwoman VELÁZQUEZ. I guess that is the right balance.

Again, I want to thank all of you. I have found, coming from New York City, and to have the opportunity here to listen to all of you has been a great, great hearing. We have never conducted a hearing of this nature in dealing with public land and the responsibility of the Bureau to make sure that they strike the right balance, and that in the process, small businesses are not impacted, and looking at ways where we can exercise oversight to make sure that the Bureau is taking their responsibility and their mission seriously.

One of the members of this committee is Raul Grijalva from Arizona, and he chairs the subcommittee that has jurisdiction over these type of issues. Of course, I will be talking to him the same way that we are going to be talking with the Department of Interior in making sure that they get the message that this committee will intend to exercise oversight over the responsibility that they have in making sure that we protect the environment, the land, public land, and the source of business for the small business people that are involved in different activities related to public land and the environment.

Thank you very much.

I ask unanimous consent that members will have 5 days to submit a statement and supporting materials for the record. Without objection, so ordered. This hearing is now adjourned.

[Whereupon, at 11:47 a.m., the committee was adjourned.]

NYDIA M. VELÁZQUEZ, New York
Chairwoman

STEVE CHABOT, Ohio
Ranking Member

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6315

STATEMENT
Of the Honorable Nydia M. Velázquez, Chairwoman
United States House of Representatives, Committee on Small Business
Full Committee Hearing: "Maintaining Public Lands for Hunting, Fishing, Ranching and Small Businesses"
Thursday, April 17, 2008 at 9:30 am

As we approach Earth Day, it is an appropriate time to reflect on the vast natural resources of this country. This nation's public lands are one of the greatest national treasures. They serve as tourist destinations for millions of Americans and generate important economic activity for many small businesses.

Ranchers use thousands of acres for their cattle to graze, hunting and fishing guides bring in tourism dollars, and local economies see the benefit. There is also energy development to harvest oil and gas resources.

Today's hearing will examine how federal land policy must account for these diverse uses of these lands and the small businesses who access them. It is key that our federal land policy is balanced and account for these many different categories of small businesses that rely on public land.

One of the key drivers of the Western economy has been the use of these lands for recreational purposes. Over 87 million Americans participated in wildlife related recreation in 2006, spending more than $122 billion. Much of this spent on recreation in public lands and the vast majority of firms that reap the benefits are small.

Hunting and fishing outfitters depend heavily on the use of public lands. The vast majority of hunters pursue game on public lands and more than 50 percent of our nation's most prized trout streams originate on them. These dollars support outfitters, gear manufacturers and the hotels, restaurants and shops that cater to the tourists who visit these lands.

Our nation's cattlemen have also depended on these lands for grazing their herds since the 1800's. These ranchers are able to lease these lands from the federal government to bring their cattle to market. While BLM leases 160 million acres a year for grazing purposes to the year, there is increased concern about access and whether the land is usable.

Energy development is obviously another important use for our public lands. Our nation is fortunate to have large reserves of natural gas—much of which is on federal lands. This development has brought economic growth in communities across the West; however, it must be done in a sustainable and balanced manner.

We all are aware that the energy challenges this country is facing. Increased domestic production of oil and gas should be part of a balanced national energy strategy; but it alone will not address our current problems.

The Department of Interior has been invited here to discuss what the agency is doing to meet these diverse needs. The Federal Land Policy and Management Act charges BLM with the responsibility of managing public lands by balancing a variety of uses. These uses include recreation, natural resource development, grazing and wildlife preservation.

The law also requires BLM to take into account the long-term needs of future generations and manage without permanently impairing the quality of the environment. However, the GAO has reported that BLM has not been meeting its responsibilities for mitigating the environmental impacts. The agency has simply not been able to keep up with the dramatic increase in oil and gas operations on public lands.

While drilling on certain public lands is necessary—and appropriate to meet our energy needs—it should be managed in a way that will not destroy wildlife habitat and diminish the hunting, fishing and grazing opportunities. These stakeholders make a very important contribution to the small business economy of the West and their concerns need to be fully considered.

The fact this hearing coincides with Earth Day is no mistake. Earth Day was created to raise awareness and appreciation for our environment -- and it is my hope today to show that there are ways to foster economic growth without compromising a healthy, sustainable environment.

U.S. House of Representatives
SMALL BUSINESS COMMITTEE
Representative Steve Chabot, Republican Leader

Thursday,
April 17, 2008

Opening Statement of Ranking Member Steve Chabot

Maintaining Public Lands for Hunting, Fishing, Ranching and Small Businesses

I would like to thank the Chairwoman for holding this important hearing on the management of federal lands and how best to manage those lands to benefit all Americans, including small business owners.

The Bureau of Land Management in the Department of Interior manages about 258 million acres of land. Since the United States began acquiring public lands about the time the Northwest Ordinance passed, tension over how to use those lands.

About a century ago, federal land managers began developing a compromise for utilization of the federal lands – a philosophy that can best be expressed as conservation for the greatest good for the most people for the longest period of time. This methodology has come to be known as multiple-use sustained-yield management.

This system means that no single use takes priority over any other use on the 258 million acres under BLM's control. Proper management, and let me reemphasize, *proper* management should enable the public lands to be used for a variety of uses, be it hunting, fishing, outdoor recreation, grazing, or oil drilling.

For those of you who know the difficulty of maintaining a nice lawn and small garden – making sure that there are no weeds, trying to prevent the neighbor's pets from chomping on the just sprouting bushes, and controlling your children's play on a newly-seeded grass, just imagine trying to do something similar on 258 million acres of land spread across the western United States. That is BLM's job, only a lot more complicated because the agency is required to consider a multitude of uses – not just growing a green lawn.

Given immense task delegated to an agency staffed by human beings, I am sure that one could cross these federal lands and certainly find some lapses in BLM management – just as someone could travel in any neighborhood of the United States and find flaws in someone's lawn. The issue is not whether BLM should manage the land for multiple uses; Congress put to rest that issue in 1976 with the passage of the Federal Land Policy Management Act. Rather, the question is whether current practices of managing the land for multiple uses satisfies the overriding ideal of using the federal lands to obtain the greatest good for the greatest number of people for the longest period of time. I will be interested in the witnesses' perspective on this issue.

Finally, it is important to note that there are a large number of small businesses that are not represented at this hearing – the small businesses that must pay nearly four dollars a gallon for gasoline. If the public lands are owned by all Americans to benefit all Americans, we must not forget about the benefits those businesses get from environmentally-sound extraction of oil from federal lands.

With that I yield back.

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Statement of Rep. Jason Altmire
Committee on Small Business Hearing
"Maintaining Public Lands for Hunting, Fishing, Ranching and Small Businesses"
April 17, 2008

Thank you, Madam Chairwoman, for holding today's hearing to discuss ways we can maintain our public lands for hunting, fishing, ranching and small businesses. As an avid defender of the rights of sportsmen, I believe that it is essential for us to find a balance between preserving our public lands for recreation and taking advantage of the energy development these lands have to offer. More than 87 million Americans participated in wildlife related recreation in 2006, spending nearly $122 billion on the industry. Small businesses are the principal driver of this important sector of the economy, illustrating the importance of preserving our public lands for tourism, recreation and small business.

While my western Pennsylvania district may not boast the same type of recreational activities that are at issue today, many of my constituents travel to ranches in western states to take advantage of the hunting and fishing that small businesses like the ones owned by Mr. Dvorak and Mr. Amerine have to offer. In fact, Mr. Amerine informed me that 30 percent of his cliental comes from the state of Pennsylvania, illustrating the draw his business has to Americans across the country and why it is important to maintain these public lands for that purpose.

I look forward to the discussion we will have today with both small business owners and the Department of Interior to consider ways we can strike a balance between the needs of small businesses that depend on these lands and energy development that is important to our nation.

Madam Chair, thank you again for holding this important hearing today. I yield back the balance of my time.

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Statement of
C. Stephen Allred,
Assistant Secretary, Land and Minerals Management
U.S. Department of the Interior
House Committee on Small Business
Oversight Hearing
Oil and Gas on Public Lands:
Impact on Hunters, Anglers, Ranchers and Small Business

April 17, 2008

Madam Chairwoman and Members of the Committee, thank you for the opportunity to appear here today to discuss oil and gas development on public lands, and its impact on hunters, anglers, ranchers and small business. I believe it is important for government to have clear laws and rules, and to be responsive to the needs of its citizens and clients. Experience has taught me that results count, and clear processes ensure quality and transparency. In order to achieve results, it is imperative that government work collaboratively with states, local governments, Tribes, individuals, and other stakeholders to resolve issues, develop productive relationships, and build consensus. This management approach has yielded positive results for me not only in my current position, but also when I served as the Director of the Idaho Department of Environmental Quality.

You only need to look at the newspapers to see the impacts energy costs are having on businesses. The Department of Energy, Energy Information Administration, forecasts an increase in crude oil prices that will continue through this spring. As a result, we can expect to see record level gasoline prices this spring and summer. Increases in energy prices, especially those associated with transportation impacts these businesses. As this Committee is well aware, this impact is especially felt by small businesses such as ranching and other agricultural operations that have unique challenges.

As energy demand continues to rise, we must focus on energy supplies. According to the Energy Information Administration's latest estimates, even with new energy efficiency standards, U.S. consumption of liquid fuels and other petroleum products will rise almost 10 percent by 2030. Total U.S. energy use will increase 19 percent and demand in China and India doubles. Domestic production of all energy resources, oil, gas, coal and renewable energy, will be important to our economy, and to small businesses, over the next 25 years.

There are two specific items I would like to highlight for the Committee. The first is Secretary Kempthorne's Healthy Lands Initiative (HLI). Through this initiative, BLM is working collaboratively with our Federal and non-Federal partners to restore, enhance, and protect habitats through landscape-scale restoration initiatives and conservation planning, allowing us to continue to fulfill our multiple-use mandate.

Next is the success of the Energy Pilot Offices. The BLM has completed the second year of implementing Section 365 of the Energy Policy Act of 2005, the "Pilot Project to Improve Federal Permit Coordination". During the Pilot's first two years, the program has achieved key

objectives. The BLM has improved reliability in providing industry the permits needed to develop new energy resources for the nation while making significant progress on improving environmental stewardship and mitigating resource impacts resulting from energy development.

Background

The BLM is the steward of 258 million surface acres of public lands and 700 million acres of onshore Federal subsurface minerals and manages them in accordance with the 1976 Federal Land Policy and Management Act. These lands provide for outdoor recreation, domestic energy, wildlife habitat, livestock grazing, timber, and the enjoyment and protection of other natural, cultural, and historical resources.

With the rapid population growth in the West – from nearly 20 million people in 1950 to more than 65 million today – the pressure to meet complex, and sometimes competing, demands for public land resources has exponentially grown. More than 4,100 communities, with a combined population of more than 57 million people, are located within 25 miles of BLM-managed public lands and waters.

Traditional uses of the public rangelands, including livestock grazing, have been and continue to be critical to the economic vitality and cultural identity of the West and to Western rural communities. Recreation opportunities abound on the public lands. Sportsmen have contributed billions of dollars in license fees, excise taxes and conservation stamp revenues to finance federal and state wildlife conservation efforts. Many hunters also volunteer countless hours for conservation causes and raise additional money for habitat improvements and acquisitions across the country. The BLM also has long-standing partnerships with a number of conservation organizations, including those affiliated with the shooting sports. State fish and game agencies are cooperators in many of the plans BLM implements.

Approximately one-third of all domestic energy produced in the United States comes from resources managed by the Department of the Interior. Resources managed by the BLM include oil and gas and renewable energy, such as solar, wind, biomass, and geothermal. This committee is keenly interested in the success of small businesses. Reliable and affordable energy is a key issue for many businesses, especially smaller operations. Increases in energy prices, especially those associated with transportation, impact businesses, large and small. But the smaller ranching and other agricultural or rural operations often feel this impact most dramatically.

Access to Energy Resources

It is important to understand that only a small proportion (about 5%) of BLM-managed lands have oil and gas production, and a much smaller area is directly affected by surface disturbance. Access to Federal oil and gas resources is restricted by laws, regulations and special limitations. The Phase II Energy Policy and Conservation Act study inventoried 99.2 million acres in eleven priority basins. It showed that, of the inventoried areas, 46 percent is not accessible for oil and gas development, 30 percent is accessible with restrictions, and 24 percent is accessible under standard lease terms.

While we are seeing an increase in interest for development on those lands the BLM manages for oil and gas, increased interest in access to energy development is also occurring on both private and state lands. In fact, it is important to note that by some measures, recent energy development on private and state lands is more extensive than on Federal lands.

In Fiscal Year 2007, the BLM share of approved Applications for Permit to Drill (APDs) was less than those approved for state and private lands. As a way of comparison, within the state of Colorado, only 13 percent of the APDs granted were for BLM lands. In Montana, that percent was 27 percent, in North Dakota 19 percent, and in Wyoming 43 percent.

In states with significant Federal minerals, more than two thirds of the oil production occurs on state and private land. In Colorado 77 percent of the production is on state and private lands, in Montana it is 88 percent, in New Mexico 64 percent, and in North Dakota 83 percent.

And more than half of the natural gas production in five states occurs on state and private land: In Colorado 58 percent occurs on state and private lands, Montana it is 71 percent, in Nevada it is 100 percent, in North Dakota 83 percent, and in Wyoming 61 percent.

Activities on BLM lands provide an important source of revenue to the Treasury and to State and local governments. Royalties collected from energy leasing, and fees collected from other public land uses, all serve to benefit the taxpayer. In 2009, public lands onshore will generate an estimated $6.1 billion in revenues, mostly from energy development. Approximately 44 percent of these receipts are provided directly to States and counties to support roads, schools, and other community needs. These activities also contribute to a more secure and reliable energy future for our country, providing a mix of both renewable and conventional energy supplies from the public lands.

Revenues derived by the states' for their share of mineral revenues are significant. For example, in fiscal year 2007, Wyoming's share of mineral revenue totaled over $925 million; New Mexico's share totaled over $552 million; Colorado's share totaled over $122 million; and Montana's total share totaled over $39 million.

The BLM continually seeks new ways to minimize, mitigate, or compensate for any adverse impacts from development activities on Federal lands. Through our land use planning process, implementation of Best Management Practices (BMPs), and other priority efforts and initiatives, the BLM ensures that oil and gas activities on the public land are done in an environmentally-responsible manner consistent to the extent possible with other public uses.

Healthy Lands Initiative Through the Healthy Lands Initiative (HLI), BLM is working collaboratively with our Federal and non-Federal partners to restore, enhance, and protect habitats through landscape-scale restoration initiatives and conservation planning, allowing us to continue to fulfill our multiple-use mandate. HLI considers the health of the land at a landscape scale instead of acre by acre.

Initiated in Fiscal Year (FY) 2007, HLI focuses on implementing landscape-scale habitat restoration and conservation projects across both public and private lands. All of the projects implemented under this Initiative promote the maintenance or restoration of healthy native plant communities with the increased ability to survive or adapt to anticipated changes in the environment in the future. HLI represents a concept for meeting emerging challenges in managing natural resources for continued multiple-use with flexible landscape-level approaches. Land restoration efforts are targeted toward priority landscapes to achieve various resource objectives, including resource protection, rehabilitation, and biological diversity. A key component of this initiative is the partnership aspect and working closely with our neighbors to initiate and fund landscape-scale restoration work that allows for continued healthy, working landscapes. The BLM leverages appropriated funding with matching funds provided by other Federal agencies, State, local and tribal governments, philanthropic organizations, advocacy groups, and industry partners.

The HLI does not relieve the energy industry of its obligations to manage oil and gas operations in an environmentally-sensitive manner or to fund reclamation and remediation when required. To date, we have had many success stories that illustrate HLI's ability to preserve the diversity and productivity of the public lands in the six initial project areas located in New Mexico, Utah, South-central Idaho, Southwest Wyoming, Southeast Oregon-Southwest Idaho-Northern Nevada, and western Colorado. In FY 2009, we plan to expand HLI to California and northwestern Colorado.

Pilot Offices Section 365 of the Energy Policy Act of 2005, established a pilot project with the intent to improve the efficiency of processing oil and gas use authorizations and environmental stewardship on federal lands. The project establishes pilot offices in seven BLM field offices: Miles City, Montana; Buffalo and Rawlins, Wyoming; Vernal, Utah; Glenwood Springs, Colorado; and Farmington and Carlsbad, New Mexico. This program has focused on enhancing interagency collaboration and environmental stewardship through the co-location of multi-agency staff and has already resulted in significant communication and process improvements.

The BLM has formed a partnership among several federal agencies including Forest Service, Fish and Wildlife Service, Corps of Engineers, Bureau of Indian Affairs, Environmental Protection Agency and a variety of State agencies including State Fish and Wildlife Departments, Environmental Quality Departments, State Oil and Gas Divisions and State Historic Preservation Offices. As part of this partnership the BLM is reimbursing these collaborating agencies their costs in supporting the pilot offices.

To date the program has added 207 new positions in the Pilot Offices, including positions for other Federal and State agencies. In addition to geologists or petroleum engineering positions, the program has resulted in hiring additional natural resource specialists, archeologists and wildlife biologists for these offices.

While permit processing times have decreased by 25 percent, there has been a substantial (24 percent) increase in the number of well inspections. This enhanced field inspection presence has lead to earlier detection of compliance problems before they result in major violations. Also,

co-location of agency staff has improved communication and process improvements and allows for participation of agency personnel on interdisciplinary teams and decision making.

The offices have completed 17 percent more inspections in FY07, including 37 percent more environmental inspections. The collaboration has led to the development of site-specific and programmatic interagency resource protection agreements and enhanced interagency on-the-ground resource monitoring and mitigation

Best Management Practices & Performance-Based Standards - The BLM employs Best Management Practices (BMPs) to enhance its ability to protect the environment and reduce long-term impacts on the land from oil and gas activity. The focus of BMPs is smart, upfront planning and solid implementation of best practices to reduce environmental impacts on public and private lands and resources. The BLM's policy guidelines require project managers to consider incorporating BMPs into all Applications for Permits to Drill (APDs) and associated rights-of-way. Additionally, the policy encourages oil and gas, geothermal, and helium operators to meet with BLM field office staff during project planning to incorporate BMPs at the earliest possible stage of the permit application process.

Oil and gas development is a temporary use of the land. Final reclamation of all disturbed areas, including access roads, to either their original contours or a contour that blends with the surrounding topography, is a BMP that planners consider in nearly all circumstances.

Grazing and Recreation on the Public Lands

Grazing – Ranchers play a key role in the history and development of the American West and are important to the economic vitality and quality of life for many Western communities. In addition, ranchers increasingly play an important role in protecting open space in areas of increasing population growth. One of our Rangeland Management program goals is to develop collaborative relationships that enhance our understanding of rangeland and watershed resources, their ecological processes, and capabilities in order to meet rangeland and water quality standards. Considerable on-the-ground successes can be attributed to the involvement of stakeholders at the local and national levels.

Of the Bureau of Land Management's 258 million acres of surface land, 160 million acres are authorized for livestock grazing as part of the BLM's multiple-use mandate. The goal of the rangeland management program is to create sustainable, working landscapes that are economically sound and ecologically healthy. In 2007, the Bureau permitted over 12 million animal unit months (AUMs) in 21,543 allotments. The BLM administers nearly 18,000 grazing permits and leases, which are issued to ranchers who pay fees and must comply with environmental laws and regulations. In 2007, the BLM collected nearly $13 million in grazing fees.

The BLM encourages ranchers to contribute both funds and in-kind contributions to improving rangeland conditions. Range improvements include on-the-ground improvements such as vegetation projects, fencing, pasture rotation and wildlife/livestock water developments that have

been recommended in activity plans. Improving the vegetative habitat and rangeland health of public land ecosystems will benefit livestock, fish and wildlife habitat, riparian values, watershed protection, and other resource values.

Recreation - Once perceived as remote, BLM lands have become the West's backyard and vital to the quality of life for residents and visitors alike. Virtually all of the BLM's 258 million acres are open to some type of outdoor recreation. People visit BLM-managed lands to hike, fish, camp and otherwise enjoy the abundant recreation opportunities offered on our public lands. About 57 million recreation visits to BLM public lands occurred in 2007 – a 65 percent increase in visitation in the last 30 years.

In addition to long-popular activities like hunting, fishing, and camping, people are turning to BLM lands to enjoy fast-growing activities such as off-highway vehicle driving, mountain biking, wildlife viewing, climbing, boating, and visiting historical sites and nature centers. BLM lands are also increasingly visited for participation in non-traditional recreation activities such as caving, geocaching, hang gliding, land sailing, and dog-sledding. Both traditional and newer recreational activities have one thing in common: they offer important growth opportunities and economic benefits for small businesses, local communities, and regional economies.

Recreation and tourism-related activities in the West are big business – and they are growing. Nationally, the U.S. Fish and Wildlife Service estimates that wildlife-related recreation users by themselves spent about $122 billion in 2006 alone. In all the western states, outdoor recreation together with nature, heritage and adventure travel are among the fastest growing segments. During 2007, the BLM collected nearly $15 million in revenue from recreation use fees – a level similar to the BLM's revenues from livestock grazing and forest product sales. Commercial outfitters and guides on BLM lands account for nearly one-quarter of this revenue in which more than 4,500 commercial recreation permits produced about $3.8 million in revenue.

Conclusion

The BLM manages 13 percent of the total land surface of the United States. These lands contain a wide variety of incredible resources, and the public has a wide range of interests in those resources. Our testimony today has outlined the ways in which the BLM is working to provide the Nation with dependable, affordable energy that is developed in an environmentally-sound manner, while also ensuring that all Americans--ranching, environmental, recreational, and other land-use interests--benefit from the agency's multiple-use management of our public lands.

Madam Chairwoman, thank you for the opportunity to testify today. I will be pleased to answer any questions you may have.

Statement of Gary Amerine
Greys River Trophies
Daniel, Wyoming
Before the U.S. House of Representatives
Committee on Small Business
April 17, 2008

Chairwoman Velázquez, members of the Committee, thank you for the opportunity to speak to you.

My name is Gary Amerine and I own and operate Greys River Trophies with my wife Jenny. Our small business is a hunting, fishing and horseback riding outfit in the Wyoming Range of western Wyoming. These mountains provide our livelihood and a safe environment where we've lived for many years and have raised three wonderful daughters.

People from all over the world come to enjoy the basin where I live. They come to hunt, they come to fish, and they come to just relax. Nearly every type of recreation is here—backcountry skiing, snowmobiling, horseback riding, backpacking, canoeing and much more. In recent years, the production of natural gas has brought many new jobs to the region and our economy has shifted suddenly from tourism and agriculture to extraction. Some businesses enjoy the bustling economy, but the rapid increase of gas production on public lands has also come at a price. Small tourism businesses like mine in and around my hometown of Pinedale, Wyoming are paying the price of the rapid growth. Our business depends upon our great outdoors heritage—particularly abundant wildlife and fish populations and wide open beautiful vistas. I've got to tell you that all

three are in decline in the rural area where I live. Like I said, there is a price to pay for the boom we are experiencing.

Every year, I have hunters come to my hunting camp from all over the country and even other parts of the world. They spend money in my hometown and they pay for my services. Some are starting to go other places rather than return for a hunt with me. Why? Because fewer licenses are available to nonresident hunters than in years past. Non-resident mule deer licenses have dropped from 1,400 to 800 in the past five years; a reflection of our declining deer herd which has fallen nearly 50 percent in recent years due in part to the ongoing impacts of energy development.

The gas industry has also impacted the diversity of the economy across the Rocky Mountain region. When our local Sublette County Outfitters and Guides Association in Wyoming wanted to host the annual spring convention of the Wyoming Outfitters and Guides Association this past spring, there were not enough motel rooms available for everyone as the gas workers had rented them all. The convention had to be moved to another community; giving that chapter the opportunity to reap the benefits of hosting the spring convention. This is a meeting that brings several thousand dollars to the host community; money that Sublette County Outfitters uses for the benefit of the local community. A portion of this money would have been used for the funding of local college scholarships. Sublette County will not have the opportunity to host this event for several years, as the convention rotates around the State. Sure, the non-sustainable industry brings money to our town, but tourism is renewable. I think we can have both industries; I think we can have balance.

Right now, the Wyoming Range Legacy Act, S. 2229, is working its way through the Senate. This is a bill that gives us a little bit of balance by setting aside 1.2 million acres of public national forest from future oil and gas leasing. This is a place where other uses and other diverse businesses contribute to other segments of our economy—in particular ranching and tourism. These are aspects of our economy that are sustainable and renewable. Oil and gas are not.

I am not against oil and gas development. I'm not a hypocrite. I heat my home with natural gas. I burn fossil fuels when I haul my horses into the mountains. But I do think that there are places that are too special to drill. Come on out and see for yourself, I'll have a horse saddled for you.

Wyoming is leading the way in energy production. Sublette County where I live, is a big part of it. Two of the country's largest gas fields, the Pinedale Anticline and the Jonah Field, are within a short drive of my house. The impacts to wildlife in both these areas from intense energy development have been dramatic. Researchers have found mule deer respond to development immediately, showing avoidance and a change in habitats, which has ultimately led to a decline in the mule deer populations by 46%.

We Wyoming people are a practical lot. We know that sometimes it is tough to live here, far away from shopping malls and interstates. But we also love our wildlife and our wild country. We know that there is a place for balance. Right now, we feel like the scale is tipping very much in favor of the gas industry over our traditional ranching and tourism economy.

Over the past decade, the federal government has leased nearly 27 million acres for oil and gas development – resulting in an unprecedented loss of fish and wildlife

habitat in the Rocky Mountain States. Nearly 20% of Wyoming, accounting for more than 13 million acres, is leased for oil and gas development. We'd like to keep some of our valuable public lands for our kids. For their kids and for your kids. For balance.

Again, thank you for this opportunity. I am happy to answer any questions.

Testimony to the U.S. House of Representatives
Committee on Small Business April, 17 2008
By William Dvorak , Owner Dvorak Expeditions - Nathrop, CO

Chairwoman Velazquez, members of the Committee, thank you for the opportunity to speak to you. My name is Bill Dvorak and I was raised on a small ranch about 20 miles north of Sheridan, Wyoming near the Montana border. I went to Mesa Junior College in Grand Junction, Colorado, received my undergrad degree from BYU in Provo, UT and my Masters degree from the University of Colorado in Boulder. I've hunted large and small game and fished since I was 8 or 9 years old, about 50 years.

I have been outfitting and guiding hunting, fishing and river trips in Colorado, Utah, Wyoming, New Mexico and Texas for the last 30 years. Many of the rivers I outfit on are right in the heart of oil and gas development. While outfitting and guiding these trips I cover tens of thousands of miles each year and have developed an intimate understanding of the west and it's ecosystems. In the last few years I have seen unprecedented energy development throughout the Intermountain West.

Everyone you will be hearing from today agrees that oil and gas development is a legitimate and important use of our public lands. The problem is that over the past 6 ½ years oil and gas development has become the predominant use of public lands where oil and gas resources exist. In fact the current policy being pursued by the BLM is so out of balance that there is a rising chorus of concern among growing numbers of state and local elected officials, game and fish departments, hunters, anglers, ranchers, farmers, and other residents of the rural West.

The current rate of development is proceeding at an extremely rapid pace and causing equally unprecedented impacts and pressures to the communities, economies and landscapes of the region. Local towns are straining under the tremendous influx of workers and related industrial activity. Small businesses are closing their doors because they can no longer find employees who will work for what they can afford to pay. Ranchers and outfitters are scaling back, quitting, or working themselves into the ground trying to keep up. It is important to remember that the wildlife, rivers, streams, and entire landscapes that are the economic foundation of the region depend on conserving key habitats. If we don't figure out how to do

oil and gas development with a smaller impact on our public lands, the other uses of these lands will continue to suffer.

I was based in Grand Junction in 1982 on May 2nd when Exxon pulled out of the Colony oil shale project and 2,200 jobs disappeared overnight. It will always be referred to on the Western Slope of Colorado as "Black Sunday." It has taken years for the economies of the towns affected by the pull out to recover and they did so by concentrating their efforts on the recreational and scenic values of the area. The hunting, fishing, wildlife viewing, hiking, backpacking, climbing, mountain biking, rafting, kayaking, and quality of life are what reestablished their economic base. These are the things most at risk with the current energy development at all costs ethos that is so prevalent in the Rocky Mountain states today. It used to be that our public lands were managed for multiple uses, hunting, fishing, recreation, grazing, and extraction of natural resources. Unfortunately this has changed over the past decade as oil and gas development has become the dominant use in many areas of public lands that other people and businesses depend on for their livelihood.

In the Rocky Mountain West today, the BLM and Forest Service have opened 36 million acres of public lands to energy leasing and development. There are 126,000 new wells planned to be drilled in the next decade. Nearly 80% of the lands that the BLM manage in the Rocky Mountains are available for drilling and the agencies and industry are pushing to increase that number. There is a rush to lease right now while the climate is favorable because once a lease is issued it becomes a property right for industry and cannot be taken away.

From an economic perspective, I believe we need to be aware of the other uses of public lands and the important role they play in the Rocky Mountains and in Colorado specifically. The latest U.S. Fish and Wildlife survey on this subject reports that in the Rocky Mountain region fishing expenditures totaled $3.2 billion, hunting expenditures totaled $2.2 billion, and wildlife watching expenditures were $4.5 billion in 2006. In Colorado specifically, fishing contributed $581,923,000, hunting $448,206,000 and wildlife watching $1,394,067,000 in the same year. Clearly hunting and fishing are an important part of the Western economy and conserving pristine habitat on public lands plays a critical role in maintaining the ability for individuals, outfitters, and groups to partake in these activities.

I would like to make it clear that I am not opposed to the development of domestic energy supplies, just to the single minded approach that is being taken that disregards all other values and uses of public lands. In many cases the ranchers and outfitters that are being forced out of business have been working their land and outfitting businesses for five or six generations. It is not fair or right for these multi-generational businesses to lose their livelihoods so one industry can have nearly open access to our public lands.

It pains me to listen to my friends and neighbors talk about being able to light the water in their taps on fire when they are turned on. Others tell me about how many more sterile bulls and aborted calves they have now compared to before drilling began and how the water released on their land from Coal Bed Methane development killed their grass and contaminated their wells. They've had to cut back on their herds because they can't find hands who will work for a ranch hands pay.

Outfitters have shared stories with me about how their hunters say they will not be back as long as oil and gas companies can come into areas that used to only be accessible by foot or horse. I have clients on my fishing and river trips who question me on the impacts to the region, the possibility that the rivers we float on might be contaminated or the fishery negatively impacted. It is hard to fault them for asking tough questions when they see petroleum foam that can burn the skin if you are exposed to it. Recently I witnessed some of this foam completely covering a section of the Green River through Desolation and Gray Canyons where I outfit.

Recently we had 4 or 5 spills, only one of which was reported, in Garden Gulch on the western flanks of the Roan Plateau that feeds into the Colorado River, another River I outfit on. This was particularly difficult for me to hear about because I fly my passengers on my Desolation and Gray Canyon trip on a small plane from Grand Junction, Colorado. All they see on the flight and near the landing zone on the mesa is oil and gas wells and the accompanying roads, pipelines and infrastructure that go with them. I would love to be able to tell my clients that this development isn't going to impact their back country experience in Colorado, but I simply cannot say that with conviction given the pace of development right now and the fact that it is often done without regard for fish, wildlife, and water resources.

In Colorado, sportsmen and small business owners that depend on public lands celebrated when the state legislature recently passed legislation that regulates the oil and gas industry with enforceable rules by the Colorado Oil and Gas Conservation Commission. These rules are very similar to ones in the BLM Gold Book, which, unfortunately are mostly only guidelines that are rarely enforceable.

These Colorado rules are based on 10 oil and gas guidelines developed by a retired BLM employee active in the Colorado Mule Deer Association and a retired US Fish and Wildlife biologist who has recently been appointed to the game and fish commission and is active in the Colorado Wildlife Federation. These rules have been endorsed by over 70 hunting, fishing, recreation and conservation organizations throughout our state.

The law that provided the impetus for these rules, CO HB 1298, had unprecedented support and went through the entire legislative process unanimously. It is remarkable that this bill was approved by the appropriate House and Senate Committees, as well as on the floor of the House and Senate without a single vote being cast against it. This historic legislation in Colorado reflects the fact that Coloradans see the need for oil and gas development and support it when it is done in a responsible way, but we recognize that the BLM has fast tracked development in recent years and our resources in Colorado are paying the price. Unfortunately, because our federal public lands are not under the jurisdiction of the state, these new rules can't fix all the problems we face with oil and gas development in Colorado.

It is clear to me and many of the guides, outfitters and small businesses that I work with that we need real change at the national level to ensure that energy development can take place in a responsible way and the lifestyles and businesses that have been built around public lands for generations can continue to flourish.

I am proud to say that I am currently involved in an effort to develop real solutions to the challenges we face in the west and push for those changes in Congress and in the incoming administration. Sportsmen for Responsible Energy Development, a collaborative campaign that was kicked off yesterday involving the National Wildlife Federation, Trout Unlimited and The Theodore Roosevelt Conservation Partnership, is a historic effort to bring sanity and balance to our public lands energy policy.

Together we have developed the Sportsmen's Bill of Rights on Energy Development that involves 10 Rights that all sportsmen should enjoy on our public lands. We are pushing to have our recommendations incorporated into new energy legislation and administrative rules so future management of our public lands truly does balance multiple uses and doesn't focus on misguided energy extraction. With the Sportsmen's Bill of Rights in place, small businesses that depend on public lands will be sustained into the future.

We should all be able to tell our children and grandchildren we did what we could during our lives to leave them something, to give them the same quality of life we have had, to know that they will take their children and grandchildren to the same places our parents and grandparents took us to learn how to hunt, fish, hike, and develop an appreciation for the world around us. I am here before you today and out on the front lines tomorrow making sure I can say those things to my own family in old age and do so with a clear conscience.

To quote a favorite Native American proverb, "We don't inherit the land from our ancestors, we borrow it from our children." It's time we considered the values of our western culture and show future generations what it means to be a responsible steward of our natural resources.

Testimony to the Committee on Small Business
On
Oil and Gas Development on Public Lands: Impact on Hunters, Anglers, Ranchers, and Small Business

Testimony by Chris Velasquez
Rancher from Blanco, New Mexico
April 17, 2008

Chairwoman Velazquez, Ranking Member Chabot and members of the Committee, thank you for inviting me to address this committee and for the opportunity to tell you about my experiences with the oil and gas industry and its impact on my ranching business operations.

My name is Chris Velasquez. I have been a rancher all my life. I have been ranching on this land my whole life. My great-great-grandfather ranched in this same area where I currently ranch. There are still many old family ranchers like me in this area. I have invested all of my adult life in developing my ranch for my family's future. I work day and night, seven days a week to take care of livestock and the land. It is hard work to develop a living on high desert land where water, sun and wind take a toll on everything.

To supplement my ranch income, I worked for San Juan County for twenty-five years in road construction management. I retired in 2000 to expand my ranching operations.

Prior to 2006, I held 32,000 acres of BLM allotment for summer range. In 1995 my wife and I were awarded the Rangeland Management Award for New Mexico, nominated by the Farmington BLM Office.

About 1996, I returned 10,000 acres of our allotment to BLM for mule deer winter habitat. We were concerned for the mule deer since they needed a place to migrate to lower elevations for the winter from the Ute and Apache reservations and the higher elevations in Colorado.

In 2006, because the increased number of wells, pipelines, and roads on the remaining 22,000 acres made it uneconomical to run summer cattle there, I sold the remaining allotment. This allotment was the most impacted of the BLM Farmington Field Office allotments because of the density of drilling and

associated natural grazing surface loss. Roads, pipelines, wellpads, sandstone quarries for roads (made available by BLM to surface the oilfield roads), disposal and transmission sites all resulted in reducing the availability of natural forage for cattle and wildlife. As a result, the mule deer ate the sagebrush and pinion and juniper trees. My cattle, the mule deer, and other wildlife were also poisoned by antifreeze, glycol, methanol, and hydrocarbons, causing death and abortions. The loss of this land has been a financial loss both in cattle and income for us.

In addition, there are yearly losses to my ranching business from irresponsible vehicle driving by industry, causing hit-and-run cattle deaths, contamination from dangerous chemicals made available to livestock, lost cattle due to improper maintenance of cattleguards, and labor and equipment costs needed to search for and round up missing cattle.

The industry is reluctant to follow reasonable business practices to remedy these business losses, not paying a reasonable amount of damage money in a reasonable amount of time. I haven't been paid damages yet for a calf injured by a vehicle in March 2007, or for the cattle that escaped at the same time due to lack of required cattleguard maintenance. Cattleguards are in place for the convenience of the oil and gas industry and as such must be maintained by them to prevent cattle from leaving assigned pastures. This is a very common occurrence about which I have repeatedly notified both the BLM and the companies involved.

I would like to bring some specific information to your attention concerning my experiences with the oil and gas industry.

This location pictured is a compressor station within two miles of my home. It processes and pressurizes gathered gas to send to the refinery in Bloomfield, New Mexico. Inside this building are seven compressors with a 24-inch exhaust system per compressor. The level of noise is so high it reaches inside my home at that distance. The fumes from the exhaust stacks are venting freely to the area.

This map from around 2004 from GoogleEarth shows the area where I conduct my ranching business. Each white dot is a wellpad or an associated oil and gas location. A spiderweb of roads and pipelines fracture the area and make ranching less and less profitable. This is the area where I have my winter allotment.

If I were ranching without oil and gas production on this land, I would have minimal roads and cattleguards and complete control of my cattle. As it is, the addition and practices of oil and gas create hazards and escape routes for the cattle.

Cattleguards and gates are a big problem because of the lack of respect the industry has for me as a businessman-rancher. The industry does not maintain the cattleguards up to BLM standards and my cattle frequently escape their assigned pastures. This leads to lost cattle, injured cattle, contaminated cattle, and dead cattle.

You can see by the number of roads that the incidence of fences and gates and cattleguards in an area like this creates an ongoing and significant problem.

The impact of wellpads, roads, and pipelines results in a lot of natural forage for cattle and wildlife being removed from natural production. The pipelines and wellpads are routinely not reclaimed to BLM standards.

Unproductive forage (noxious weeds) is the first claimant to disturbed land. This plant life is not suitable for wildlife and cattle forage. In fact, some noxious weeds are poisonous to animals.

The extraordinary amount of surface that is disturbed for roads, wellpads, and pipelines constitutes a long term injury to the land. Generations will be required to repair this kind of damage.

On this location there are two (Burlington) Conoco-Phillips coalbed methane (CBM) wells. As is common with CBM wells, natural gas extraction results in bringing "produced water" to the surface. This by-product water must be disposed of.

There are times when this water is injected back into different geologic formations than those from which it was extracted. To my knowledge there have been no studies to determine the effects of injecting produced water and its contamination into groundwater aquifers. There is much worry concerning this.

These large extracted volumes of produced water also decrease the groundwater and deplete the aquifers.

This produced water is a problem in many areas when it stays on the surface or is released on the surface to be absorbed by the soil. It kills forage and juniper and pinon trees. It creates salt deposits that can re-leach to the surface. It decreases groundwater inventory. In addition, these large installations for injection and

evaporation of produced water further deplete the use of the surface for the rancher.

In 2005, this British Petroleum (BP) unlined pit was full of oil by-products and oilfield trash. The fencing around this pit did not meet BLM standards. As a direct result, my cattle, as well as wildlife, would have had easy access to this contamination.

Access to contamination is a frequent occurrence.

I constructed this water holding pond to collect rainwater for my cattle to drink.

Subsequently, British Petroleum constructed a "landfarm" (for remediating contaminated soil from a nearby wellsite) within 100 feet and slightly uphill of my livestock watering pond. This was done on my private property and without my approval or permission.

I found the pond one day with a thick oily film on the water. My cattle were drinking from it. I called the Oil Conservation District (OCD) of New Mexico and British Petroleum personnel to take samples of the water and oil for testing. I also took three independent test samples myself.

<u>The test I took showed 1+ positive (scale of 0-4+) for petroleum content on one sample and traces of petroleum content in the two other samples.</u>

The British Petroleum test results were sent to me reporting a "non-detect for any hydrocarbons".

I was told by an OCD employee that OCD management instructed the sampling employee not to submit their samples for testing.

Despite the proximity of the BP landfarm to my livestock watering pond, BP made no effort to further respond to this problem.

On March 8, 2008, I observed this cow drinking from this tank. This tank was dry when I found it, but had had 19 inches of liquid in it recently which was evident from an oily fluid level mark on the inside of the tank. My whole herd was in the area and also had access to this tank. The tank was not properly protected from access by livestock or wildlife. Chicken wire is not a sufficient barrier! This tank

should have had either a complete expanded metal cover or an approved BLM fence around it.

This site has been an ongoing problem and I have complained twice to BP and BLM about oil around compressors and holding tank without screening at this well site. This is just another example of the threat to my ranching business I face on a daily basis from the oil and gas industry.

This area is so remote, that I believe the industry routinely counts on the fact that most of these well sites will not be viewed by the public. Many times we see pollution just covered up by new paint and gravel.

This is the same cow that was drinking from the last of the fluids in this tank on March 8. Notice the hair loss around the muzzle, back of the ears, and neck. From experience I know that these contamination exposures result in hair loss and death. My pregnant cows have also aborted their calfs after drinking contaminated liquids at wellsites.

I had a licensed veterinarian take blood samples of this specific cow and three more from this herd on April 4, 2008. By phone on Thursday, April 10, he reported to me verbally that three of the four cows tested positive for toxic damage to the livers and kidneys. The written report will be made available.

This means that I will have at least three cows out of this herd, and probably more, that will either die or be infertile. Will the industry pay these damages? Their track record says that it will take my time and effort to extract any damages from BP for this breach of BLM regulations and industry best practice standards. This has been an ongoing problem with industry. It is industry's responsibility "as a good neighbor" to protect my operation from damages by at least complying with BLM regulations.

Below is another example of toxic damage to my cattle. In this picture this calf was losing body hair. On April 1, 2005, hair samples were sent to a laboratory and the results showed the calf had petroleum products in its hair. The sample tested the highest possible positive 4+ (on a scale of 0 - 4+).

On June 16, 2005, and August 7, 2005, two calfs died that subsequently tested positive for petroleum products in hair analysis. All three were contaminated at a

Williams Field well site. I was paid a minimum amount by Williams Field for the two dead calfs.

Willams Field then agreed to test the 56 additional cows that had been exposed to that well site. The samples were submitted for testing on July 11, 2005. The tests were completed for petroleum products contamination on July 26, 2005 and showed six tested "1", one tested "3", 45 tested positive for "trace", and two tested negative (on a scale of 0 - 4+).

Road conditions are a major problem in the area and on my allotment. BLM is not enforcing their own regulations. Roads are badly deteriorated.

The picture above shows the results of flat-blading. Flat-blading creates a road surface that does not allow water to drain to the side of the road properly.
The ruts in this road are over two feet deep (note pitchfork with yellow flag), forcing traffic to go off the main traveled road, destroying additional natural surface area. These ruts were caused by oil field heavy equipment.

Problems like this are common, but could be avoided by following BLM Gold Book road standards. The roads I personally maintain on my own private property have bar ditches and water bars (to properly direct water to the side of the road and then divert it onto natural vegetation). I install culverts under roads at low spots. I do this roadwork when moisture is in the soil to prevent dust and the pulverizing of the road base. I do not flat-blade my roads.

This example of road deterioration is a result of flat-blading on roads on BLM land. Note the 12-inch high-pressure gas transmission line that has been excavated by erosive runoff from this improperly constructed road. Also note the pitting and rust on its outer surface. If heavy equipment or an accidental vehicle contact would hit this pipeline, it would rupture, causing a fiery explosion and death or injury to anyone close by. No safety barriers were in place here to notify travelers of the hazard. This type of situation is dangerous to the public on our public land.

In addition to the problems with the road itself, improper road and well site construction that does not meet BLM standards also contributes to erosion and runoff that carries solids (selenium, well field contamination, salts, silt, etc.) into arroyos and streams and eventually pollutes the rivers. This is just one example of the larger picture of the impacts of the oil and gas industry.

As illustrated by the satellite map of the area, runoff from the proliferation of roads, pipelines, and well sites is not a small problem since the contours of this high desert land are steep and arroyos abound, providing extraordinary opportunity for the damaging effects of runoff pollution.

Our public land is a national treasure for all to enjoy. As a rancher I am committed to its protection. Many various groups enjoy its use.

Oil and gas production has destroyed many parts of our public land. These damages will persist for lifetimes.

It is time to enforce and require proper land stewardship from oil and gas. As a rancher, I want my business protected from these impacts of the oil and gas industry.

Thank you again for this opportunity to tell you about my business and my experience of dealing with oil and gas production on public land.

Committee on Small Business
Oil and Gas Development on Public Lands: Impact on Hunters, Anglers, Ranchers, and Small Business
April 17, 2008

Additional Comments submitted for the record
by Chris Velasquez
Rancher from Blanco, New Mexico

Chairwoman Velazquez, Ranking Member Chabot and members of the Committee, thank you for accepting my additional comments for the record.

The magnitude of impact on the areas where oil and gas is operating on public lands has been summarily dismissed by statements such as this one in the BLM testimony of C. Stephen Allred, Assistant Secretary, Land and Minerals Management, U.S. Department of the Interior on April 17, 2008.

> ***It is important to understand that only a small proportion (about 5%) of BLM-managed lands have oil and gas production, and a much smaller area is directly affected by surface disturbance.***

This statement sounds fine on paper, but in the real world context it is unacceptable.

Where I conduct my ranching business in northwest New Mexico, the Four Corners area, the impact of oil and gas on the surface of BLM land is much higher than 5%. On my BLM allotment it is nearly 100%.

When the term "surface disturbance" is used to describe disturbance only on the strips of land for roads and pipelines and cleared well pads, it does not give the true picture of "surface disturbance" as it impacts the rancher and other public lands users and their business operations. For the rancher, the entire area within which the "surface disturbance" occurs becomes essentially unusable or "disturbed" and fractured for ranching or any other BLM multiple purpose use including wildlife habitat. On a satellite map, the lines for roads and the dots for pads may seem to not take up much surface square footage even on my densely drilled ranching area; but, the area is mutilated and made increasingly inoperable for ranching; and, there are many other severe impacts that cannot be seen (contamination, sedimentation, erosion, air pollution, noise pollution, noxious weeds, groundwater pollution,

livestock pond contamination, inadequate or non-existent surface reclamation, loss of natural forage, access to open pits and tanks, open gates, destroyed fences, inoperable cattleguards, etc.).

In addition, the statement of "much smaller" (than the 5% area) is most likely based on a "standard" sizing for the pads and a "standard" width for pipelines and roads in calculating the surface impact. That does not take into account the exorbitant amount of additional clearing that is done for pads and roads; and other operations such as workovers performed over the life of the well (including re-excavating old pits and their contents); and the irresponsible off-road driving and flat-blading done on and next to the roadways and pipelines.

In the desert west, some look at the surface as "just desert", wasteland, etc., and not land of value, a place to use at will and trash. That wrong instinct leads to much more bulldozer destruction than is necessary by industry contractors. In fact, the desert is a very complicated interdependent ecosystem that deplores disruption. Any scraping of the surface at all invites noxious weed growth and erosion. The desert has a much longer rehabilitation time than the forests and fertile land in the eastern part of the country. Desert land deserves to be respected.

Many people think that the drilling itself is the impact on the land that creates the most destruction. The original drilling operations only last a short time and have their own destructive impact. Far worse, however, are the impacts for decades after wells are put in: poor land surface stewardship and rehabilitation by the industry, the thousands of daily industry equipment trips over poorly constructed or maintained dirt roads, and the constant danger and disruption to wildlife and livestock.

While overall oil and gas may not occupy great acreages of BLM land in the United States, where the industry does exist, it has a tremendous impact. This impact is greatly increased because of poor BLM enforcement and irresponsible industry actions.

Mr. Allred also stated that New Mexico has 64% of its wells drilled on state or private lands, not BLM land. Again the big picture does not give the right picture.

In New Mexico there are currently 100,214 oil and gas wells. Eighty-six percent (86%) of these are in only four counties, San Juan, Rio Arriba, Lea, and Eddy, with Rio Arriba having about 12% of the state total.

For instance, OCD has stated that Rio Arriba County has 11836 wells: 7467 are on federal (BLM) lands, 2937 are on tribal lands, 756 are on private land, and 666 are on state land.

So it is clear that I have done some of my ranching in a county where **63%** of the wells are **on BLM land**. This was the 22,000 acre Rosa BLM allotment that I had to sell in 2006 due to the impact of oil and gas to my operation. Private and state land only account for 12% of the wells in Rio Arriba County. The remainder 25% is on tribal land.

In neighboring San Juan County, only 6% of the land is privately deeded land; and 20807 of New Mexico's wells (21%) are in San Juan County. Wells on BLM land in this county also far exceed the small percentage that Mr. Allred has indicated would be the overall figure for New Mexico.

Therefore, it is clear here also that gross figures cannot present a true picture to legislators on this subject. Wells on BLM land in these counties represent far more than the small percentage indicated by Mr. Allred.

Not all of the 100,214 wells throughout New Mexico are currently producing. However, they still have a continuing impact on our fragile desert surface. The surface impact does not go away when the oil and gas stops flowing. This impact affects any other use of the land both visually and functionally. It will persist for generations.

Testimony of Scott Moyer
House Committee on Small Business
April 17, 2008
"Maintaining Public Lands for Hunting, Fishing Ranching and Small Business"

Madam Chairwoman and members of the Committee—

Thank you for the invitation to speak to you today. I am truly honored to be here. My name is Scott Moyer, and I am a small business owner and long-time resident of Rifle, Colorado, in the heart of Colorado's natural gas development. I'd like to tell you a little bit about how a thriving energy industry has enabled me to build a successful small business. Eleven years ago my wife Mona and I purchased Down Valley Septic, a company that offers septic pumping, portable toilets, tank rentals, roll off containers, and potable water services.

Today we have 33 employees. I firmly believe that our success, and the success of many small business owners across the West, can be attributed in large part to the enormous investments made in recent years by oil and natural gas companies operating in our region.

More people than ever own successful small businesses in our valley, and there is more opportunity there than ever before. My wife and I got lucky being in the right place at the right time, and never imagined that we could grow a company to the point ours is today. We have enjoyed seeing success and growth in our community.

When we started our company, there was little opportunity for a small business to grow in Garfield County. Today, the oil and natural gas companies employee more than 70,000 people in Colorado alone. Natural gas development has added diversity and year-round stability to what was once a seasonal tourist location.

Garfield County is certainly not the only place where the economy is booming thanks to the oil and natural gas industry. Across the Intermountain West, oil and natural gas companies provide direct employment for over 100,000 people. As our nation faces economic uncertainty, the working families in our region can breathe easy thanks to the economic opportunities that this industry continues to provide.

While tourism is important to the West, its economic impacts pale in comparison to those of the energy industry. The simple fact is the oil and natural gas and related service and supply companies have provided job growth and opportunity to many rural areas. The industry employs thousands of accountants, engineers, geologists, landmen, software and IT experts, environmental specialists, and administrative help at salaries that are 61% above average.

In addition, royalties and taxes from the industry account for an enormous percentage of state and local coffers. A recent study by the Colorado School of Mines estimated that oil and natural gas companies contribute $23 billion to the economy in Colorado alone. When it comes to quality jobs and overall economic benefits, no other industry can even compare to what the oil and natural gas companies bring to the small towns of the Intermountain West.

No longer are our young men and women forced to leave the towns where they (and often their parents and grandparents) grew up in order to find decent work in Denver, Salt Lake City, or elsewhere. Even without higher education, the residents of our communities now have the option of living and working near their families and friends. What's more, if they do decide to stay, they don't have to worry about the low-pay and uncertainty often associated with seasonal tourism-related employment. You would be hard-pressed to find an employee of an oil and natural gas company forced to moonlight in order to make ends meet—a practice all to common for those who work in tourism.

Although we've heard much about the effects of energy development on hunting and fishing in the West, this talk seems to be based more on political motivation than on reality. Our region abounds with opportunities for recreation, including hunting, fishing, camping, hiking, mountain biking, and skiing, just to name a few. The oil and gas industry is filled with avid outdoorsmen who are as concerned with protecting wildlife and the environment as anyone. Perhaps that's why there are so many examples of oil and natural gas companies going above and beyond what's required by thousands of local, state, and federal regulations in order to leave the land with which they are entrusted as pristine as it was found. There is absolutely no reason to believe that we have to choose between the development of our vast natural resources and the preservation of our public lands for recreation and other uses. We can and are currently doing both.

I think it's important to remember what a small and temporary impact natural gas development has on the environment. Less than 1% of our public lands are currently disturbed by oil and natural gas development, and many areas where development once occurred are now—just a few years later—so pristine that they have been proposed as official Wilderness Areas in legislation now before Congress.

A very vocal minority in our region seems to be infected with the "Not in my backyard" syndrome. They would deny the rest of America access to the bountiful natural resources found beneath our public lands—lands that, let's remember, belong to ALL Americans. According to the Department of Energy, our region now supplies 25% of our nation's natural gas and almost 10% of our domestic supply of crude oil. This is energy that is needed by folks in California, Ohio, Washington, and yes, even in New York City. I for one, like many of my fellow small business owners who depend on a healthy oil and natural gas industry for our livelihoods, am willing to deal with the challenges of small and temporary impacts that result in real, long-term economic benefits.

People from all walks of life are coming to the Rifle area. They are staying not only for the job opportunities, but also for the unmatched hunting, fishing, and other outdoor activities the area offers. People who came to Western Colorado to play 20 years ago usually went back home; now people come here to hunt and fish, they get a good job, and they never leave. We are fortunate in Western Colorado to work in our playground.

The simple truth is that the oil and natural gas companies operating in the Intermountain West are making it possible for many of us to maintain a standard of living that would not otherwise be possible, while at the same time taking great care to be good stewards of our public lands.

Thank you.

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