

PROPOSED FISCAL YEAR 2007 BUDGET REQUEST FOR THE
DEPARTMENT OF THE INTERIOR

HEARING
BEFORE THE
COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE
ONE HUNDRED NINTH CONGRESS
SECOND SESSION
TO
REVIEW THE PROPOSED FISCAL YEAR 2007
DEPARTMENT OF INTERIOR BUDGET

MARCH 2, 2006



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**PROPOSED FISCAL YEAR 2007 BUDGET
REQUEST FOR THE DEPARTMENT OF THE
INTERIOR**

THURSDAY, MARCH 2, 2006

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington D.C.

The committee met, pursuant to notice, at 10:05 a.m., in room SD-366, Dirksen Senate Office Building, Hon. Pete V. Domenici, chairman, presiding.

**OPENING STATEMENT OF HON. PETE V. DOMENICI,
U.S. SENATOR FROM NEW MEXICO**

The CHAIRMAN. Good morning. Madam Secretary, good to have you here, Senator Bingaman. There's many hearings going on on the Hill, so we have—I'm sure Senator Bingaman's supposed to be at two or three other ones.

Once again, we're going to hear from the Secretary regarding the budget for 2007. I'm pleased to see again that the administration supports legislation to open the Arctic National Wildlife Refuge. It seems like this goes on forever, but I think we'll have to stay with it for a while longer. So, the opening of ANWR along with measures like the bill that Senator Bingaman and I introduced to open parts of the OCS and the administration's activity to move in a significant way with reference to some of the OCS off of Florida seemed to me to be crucial in lessening our dependence upon foreign sources of energy and serving as a bridge to new technologies, to new fuels for our country and its economy, especially in the area of transportation fuels.

I also want to note that while I recognize many areas in your request to implement provisions of last year's Energy Policy Act that we fought so hard to get enacted, I'm somewhat disappointed that you've requested to repeal a few of the provisions that related to oil and gas and geothermal permitting and that the permitting and development that we felt were necessary to give you the resources to expedite to these programs. I'm sure that you are aware that the repeal of these provisions probably won't take place up here because that's not what we want to do. And we think you need the resources, but what we want more than anything is that you move ahead as quickly as possible in those areas.

As you know, one area we have not been discussing much heretofore, but will become more and more a focus of attention has to do with the gigantic oil reserves from shale. I know that in the bill

that we passed, the Energy Policy Act, there's a number of provisions that move ahead, permit you to move ahead and permit those who are interested in developing that shale to move ahead in a more orderly manner consistent with today's times. And I'm pleased to know that you've requested funding for that program. And I suggest that there ought to be more funding, but I understand that these are difficult times. We will be moving ahead and seeing—informing ourselves more about that resource. I have been briefed by you and hope that we can have some more public discussions about the value of those resources. They clearly are something that—because of the price of crude oil, that resource is beginning to focus as something truly potential rather than just a maybe situation. I am going to move on now to Senator Bingaman, and then if any other Senators come, they will have their opportunity.

Senator Bingaman.

[The prepared statements of Senators Akaka, Craig, Landrieu, Menendez, Salazar and Talent follow:]

PREPARED STATEMENT OF HON. DANIEL K. AKAKA, U.S. SENATOR FROM HAWAII

Thank you, Mr. Chairman, for calling this hearing on the Department of Interior's fiscal year 2007 budget proposal. I would also like to take this opportunity to thank the men and women of the Department of Interior for their hard work and dedication. I see several bright spots in this year's budget. In particular, I am pleased to see funding for further research on Gas Hydrates. I, along with my colleague Senator Murkowski, have been strong advocates for the development of Gas Hydrate technologies as a solution to our long-term energy needs. I am also happy to see funds for the development of air tour management plans in partnership with the Federal Aviation Administration. At the same time, I am troubled by a number of funding reductions reflected in the Department's budget. I know that there are hard choices to be made, but I am concerned that the President's spending priorities for the war in Iraq, and tax cuts are forcing federal agencies to mortgage the future of parks, wildlife, public lands, and partnership programs with States. I am especially concerned with the reduction in overall funding for the research, detection and control of invasive species. The spread of invasive species is of great concern to the state of Hawaii and I would urge you not to step back from our commitment to protecting our environment from invasive species.

PREPARED STATEMENT OF HON. LARRY E. CRAIG, U.S. SENATOR FROM IDAHO

We are clearly in a budget climate where all government must operate efficiently and collaboratively in order to accomplish its core missions. I appreciate the President working with the committee's needs, in turn keeping federal spending down. The President's budget noticeably reflects his commitment to leaner budgets, simultaneously freeing the country from energy dependence.

I am very pleased the President has included funding for energy development in the Arctic National Wildlife Refuge (ANWR). This is an endeavor I have long supported as a nation breaking free from energy dependence. I appreciate not only support for ANWR, but also support for additional domestic oil and gas programs across the West.

As I mentioned before, collaboration is key to efficient government, including actively managing our public lands. I was disappointed to see range improvement dollars left out of the budget yet again. These dollars are vital as land managers and ranchers join forces to improve range resources.

However, the area of the budget I am most disappointed in is PILT funding. Payment in Lieu of Taxes (PILT) continues to be important to America's rural counties, as they assist the federal government with many public land needs from road maintenance to public land law enforcement. Furthermore, PILT takes the heavy tax burden off of residents who live in counties that may be 60%-95% federally owned. I will continue to work with the committee and the administration toward adequate funding for PILT.

I want to thank the Secretary for coming to our State to sign a very important memorandum of agreement between the State of Idaho and the United States on

wolf management. Idaho has worked very hard for many years to properly manage all of its wildlife. However, our hands have become tied because of the Endangered Species Act and the federal government's inability to de-list a species that quite frankly has done better than anyone expected. My question is: how does a State like Idaho move forward with de-listing the wolf after a significant amount of time, money and effort has been spent on making our wolf populations healthy and vibrant? Also, how does the federal government expect the State of Idaho to properly manage its wildlife if it cannot manage one of its largest predators?

I appreciate the Secretary's time today and look forward to her testimony.

PREPARED STATEMENT OF HON. MARY L. LANDRIEU, U.S. SENATOR FROM LOUISIANA

I just wanted to take a few moments this morning to highlight some significant concerns I have with the Interior Budget that has been submitted for FY 2007. In addition, I am hoping the Secretary can bring me up to speed on what the Department has done and is doing in the aftermath of the Hurricanes last summer to address areas under its jurisdiction, specifically with regard to some of the refuges in Southwest Louisiana and parks in and around the New Orleans region.

However, I was very pleased to find the Administration agreed to the request made by me and our state's Congressional delegation to fully fund the National Center for Preservation Technology and Training (NCPTT) after a two year hiatus.

This National Park Service (NPS) office located on the campus of Northwestern State University in Natchitoches, Louisiana is the only preservation research and technology center of the NPS, and the only one in the federal government. Now more than ever the work of the Center will be vitally important to the whole nation, especially to the rebuilding of communities which include thousands of historic structures badly damaged by the recent Gulf Coast hurricanes. While the funding included in the Administration's budget is equivalent to what Congress appropriated last year, I am hopeful we can work together to increase this funding so the Center can provide the cutting edge research, technology and training opportunities to the NPS and its partners in these most challenging times.

Unfortunately, much else of what I found was disappointing.

STATE SIDE LWCF

For the second year in a row, the Administration is proposing to eliminate the state side of the Land and Water Conservation Fund (LWCF). On the one hand, the program is recommended for termination because, according to OMB, it does not adequately measure performance or demonstrate results. They make this claim at exactly the same time the Park Service, another branch of the Administration, publishes and distributes a brochure that says "the real impact of Land and Water Conservation Fund projects . . . is more than acres, facilities and dollars leveraged . . . [it] is the role of our projects in strengthening community public health. Park and recreation directors all over the country tell us that the physical activity these parks provide are essential for the health of the community."

Disingenuous? Perhaps. In any case, one has to wonder why the Administration appears to be making arguments for and against the program simultaneously.

In 2005, 88% of the states reported an unmet need exceeding 50%. So, how does the Administration respond to this challenge? By zeroing out the program altogether.

There are two dozen state parks, historic areas and preservation areas in Louisiana that have a significant impact on our economy through tourism and recreation. Each one of these facilities leverages federal and state funds through the state side of the LWCF to generate significant revenue for state and local government as well as private businesses.

At full funding, Louisiana would receive approximately \$7.5 million in grants through the state side program. Not a tremendous amount of money by any stretch given the enormous needs. However, in FY 2005, when Louisiana received only \$1.5 million, the unmet need was still 84%. Cutting the state side of the LWCF means preventing states from building or developing parks and recreation facilities, providing riding and hiking trails, enhancing recreation access, conserving open space and preserving forests, estuaries, wildlife and natural resources. Perhaps most importantly, not funding this program eliminates the certainty that state and local governments rely on to help them plan to meet the recreational needs of their citizens. An administration that champions the power of partnerships to leverage resources and achieve results, has turned its back on a partnership program that can provide both for years to come.

I would be remiss if I did not comment on how much the Administration's budget touts the role of the Outer Continental Shelf (OCS) in providing domestic energy production for the nation: contributing more to the total U.S. oil and natural gas supply than any single state or country in the world. Not only will OCS production account for more than 40 percent of U.S. oil production and 23 percent of U.S. natural gas production over the next five years alone, but the OCS will continue to be a critical source of future supplies. It is estimated that the OCS contains more than 60 percent of the Nation's remaining undiscovered oil and as much as half of our country's undiscovered recoverable natural gas.

Almost all of this production comes from the Gulf of Mexico off the coasts of four states. This will continue to be the case for years to come: over the next decade, oil production in the Gulf of Mexico is expected to increase by 43 percent and natural gas production by 13 percent. Without the ports, fabrication facilities and tens of thousands of miles of pipelines located in Texas, Louisiana, Mississippi and Alabama it would be literally impossible to access these vital mineral assets at all.

However, aside from merely including as part of its FY 2007 submission the good work of Congress last year which under the leadership of Chairman Domenici and Senator Bingaman established an important policy precedent by providing a significant stream of coastal impact assistance funding to coastal producing states. Still, nothing in this budget acknowledges the role these states play in supplying our nation with its energy supply.

As we all know, other states receive significant revenues from mineral production on federal lands within their boundaries. For example, the State of Wyoming, with a population of just under 500,000, is projected to receive almost \$1.3 billion in 2006. But, there is no similar provision in law for Texas, Louisiana, Mississippi and Alabama to share federal oil and gas revenues generated on the OCS off their shores. For both onshore and offshore production, the justification for sharing with the state is the same: the state serves as the platform which enables the federal government to support a basic element of our daily lives—turning on our lights, heating our homes and running our commuter trains.

Instead of foot-dragging and excuse-making under the guise of budgetary concerns, it is long past time for this Administration to step up and show leadership on this issue. It is time for them to join the Louisiana delegation and other Gulf Coast states to establish a reliable revenue source over time to fund vitally coastal protection and flood control systems.

Hurricanes Katrina and Rita clearly demonstrated the extent to which America depends upon the central and western portions of the Gulf for our nation's energy supply and economic security. Ensuring that the nation's energy hub, which centers on Louisiana and our neighboring coastal states, can continue to be so is not just smart energy policy—it is necessary to the nation's economic strength. It is truly a national priority that requires a national commitment, and we urge this Administration to join us in the proclamation of that commitment through consistent budget policies and priorities that make sense for all of America.

PREPARED STATEMENT OF HON. ROBERT MENENDEZ, U.S. SENATOR
FROM NEW JERSEY

Thank you, Mr. Chairman, for giving us the opportunity to more closely examine the proposed Department of Interior (DOI) budget for Fiscal Year 2007. I'd also like to thank Secretary Norton for taking the time to discuss the details of the department's budget. Unfortunately, I'm not very happy with many of these details. An overall departmental decrease of \$614 million. A \$100 million cut in park appropriations. Eighty-four million cut from National Park Service construction projects, and another \$10 million cut from repair and rehabilitation projects. The proposed sell-off of vast swaths of public land. A \$12.4 million reduction of the Land and Water Conservation Fund for federal land acquisition, and the complete elimination of the stateside LWCF grant program. These cuts make me wonder what kind of parks we will be leaving for our children and grandchildren to visit in the years to come.

I was pleased to see an important new program for New Jersey in the budget, with \$2 million included to implement the Highlands Conservation Act. However, this is far short of the authorized level of \$10 million, and I hope we can get closer to that level to help fund some crucial land conservation projects in all four states that share the Highlands region.

The zeroing out of the stateside LWCF program is an even greater threat to the landscape of New Jersey. This program is an invaluable resource for all 50 states, providing funds for land acquisition and rehabilitation as well as protection of nat-

ural resources such as open space and clean water. Since 1966, when the LWCF program was instituted, New Jersey has received over \$110 million in LWCF state-side grant funding, which has been used to preserve nearly 74,000 acres of open space and fund 241 park and recreation projects statewide. These projects span the state, from large acquisitions in the Highlands and Pinelands to small acquisitions along New Jersey's Hudson River waterfront. Liberty State Park in Jersey City has gone from a derelict waterfront to being one of the premier urban waterfront parks in the United States, thanks to \$6.5 million in LWCF assistance. The State's county and municipal parks also benefit through the addition of land and new recreation facilities.

In addition to having one of the nation's strongest open space preservation programs, New Jersey was the only state in the Park Service's Northeast Region to completely obligate its entire LWCF balance in FY05, and generated over \$10 million in leveraged funding from the State's local governments and conservation organizations. Yet the state still has over \$726 million in total land conservation funding needs, the second highest total in the nation, meaning cuts to the stateside LWCF program hit New Jersey particularly hard.

Land preservation is one of the most cost effective and efficient methods of environmental protection. New Jersey has, over the years, used its LWCF apportionments to protect water resources throughout the state and along river corridors. These acquisitions help prevent the loss of drinking wells and fight the intrusion of salt water intrusion into aquifers, both of which are the result of New Jersey's ever-growing population. The economic benefits of public conservation and recreation projects are substantial, many of which accrue to the federal government, and will help to offset the federal funding necessary to solve these problems in the long term.

Our parks are not the only part of our heritage endangered by downsizing at the Department of Interior. The budget proposes only \$33 million for Preservation and Recreation Programs, down from \$55 million last year. This decrease will affect programs such as the National Register of Historic Places, certifications for investment tax credits, management planning of federally-owned historic properties as well as government-wide archaeological programs, and documentation of historic properties. Furthermore, the recommendation for State Historic Preservation Offices and Tribal Historic Preservation Offices is less than \$40,000,000, a decrease from last year's level for basic administration of federal preservation policy, and a cut in half for Save America's Treasures. If enacted, the proposed halving of Save America's Treasures would hurt New Jersey preservation and rehabilitation projects desperately in need of funding.

Our parks and our historic places are an important component of our collective American heritage. Our children are raised on family trips to places such as the Jersey Shore, school field trips to local historic places such as Thomas Edison's laboratory, and afternoons with their friends in our local parks. Will our children be able to share such formative experiences with their children? Our love of the outdoors is a shared value of the American people, and an important part of our daily lives. In my opinion, this budget does not reflect these values, and I look forward to working with my colleagues to ensure that we do not shortchange our commitment to our natural resources.

PREPARED STATEMENT OF HON. KEN SALAZAR, U.S. SENATOR FROM COLORADO

Thank you, Mr. Chairman and Ranking Member Bingaman. I want to welcome my fellow Coloradan, Secretary Norton. Secretary Norton served as Colorado's Attorney General from 1991 to 1999, after which I was honored to serve as Colorado's Attorney General for six years.

The Department of the Interior manages over eight million surface acres and over five million subsurface acres in Colorado. These lands include four National Parks, seven National Wildlife Refuges, vast Bureau of Land Management holdings, and numerous National Monuments, Recreation Areas, and Historic Trails.

Almost every Coloradan is in some way affected by the budget and priorities of the Department of the Interior. Millions of Coloradans visit the National Parks, hike the Historic Trails, hunt on BLM lands, or heat their homes with natural gas extracted under a BLM lease.

But it is the people who live in Colorado's rural counties who are most affected by this budget. People who live in counties like Rio Blanco and San Miguel, Conejos and Saguache, Grand and Gunnison.

It is out of concern for these rural communities, in particular, that I am troubled by this budget. These communities are a part of an America that has long been for-

gotten by our government, and they are, I fear, once again forgotten in the Administration's budget priorities.

Rural counties in Colorado will be hurt first and foremost by this year's proposed cuts to the Payment in Lieu of Taxes Program. PILT provides money to communities that include federal lands (such as National Forests and/or Bureau of Land Management lands) to compensate for the fact that these federal lands do not pay taxes. In 2005, this program helped pay teachers, police neighborhoods, and pave roads in 57 counties in Colorado. The President's budget would cut this program by 16% to \$198 million. This is a body blow to Rural America.

Many of Colorado's rural counties are experiencing rapid growth in energy production on BLM lands. These communities are often enthusiastic about expanded BLM oil and gas leasing activities in their area because they want to play a role in moving America toward energy independence. But these rural communities also care deeply about their land and water. They want to contribute to expanded domestic energy production while still preserving their natural heritage and a quality of life that attracts residents, visitors, and businesses. I want to make sure that this budget provides the resources the BLM needs to conduct vigorous oversight when producers are drilling in these counties. This should include unannounced visits by BLM inspectors to drilling pads. Our rural communities deserve high standards and safeguards if they are to help carry us toward energy independence.

Recreation and tourism is a growing segment of the economic base in Colorado's rural counties. The cuts to the National Park Service's maintenance and construction budget—combined with the dangerous proposed revisions to Park Service policies—could expand the deferred maintenance backlog and erode the integrity of our National Parks.

Furthermore, the budget proposes to eliminate the Land and Water Conservation Fund stateside grants program, which provides matching funds for Great Outdoor Colorado (GOCO)'s parks, recreation, and open space projects. This cut of a broadly supported and highly effective program will limit recreation options for all Coloradans and will hurt rural communities that want to protect open spaces and parks for future generations.

I am hopeful that we will have the opportunity to address these issues today with Secretary Norton.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF HON. JAMES M. TALENT, U.S. SENATOR FROM MISSOURI

As you know, natural gas prices set record highs this winter, exceeding \$15 per thousand cubic feet (Mcf). Natural gas still costs two to three times traditional levels, due in part to increasing world demands for energy.

Missouri farmers and manufacturers are big users of natural gas as feedstock for fertilizer and chemical products. The Industrial Energy Consumers of America reported that "since 2001, natural gas prices have significantly contributed to the loss of 3.0 million manufacturing jobs and the shifting of future investment overseas." We can't continue to export jobs and manufacturing capability overseas simply because our energy costs are too high, and they are: in Europe, natural gas sells for \$7.00 per thousand cubic feet and in China, less than \$5.00.

As a result, we will soon be asked to vote on additional funding for LIHEAP. This is a clear signal that home heating costs are too high. It seems to me and I expect, based on the MMS's five-year leasing plan, you'd agree that the only way we are going to bring prices down is to responsibly produce our own clean burning natural gas.

I've joined with Senators Domenici, Bingaman and Dorgan to propose a bill that opens the untapped portion of just one small, unexplored area 100 miles offshore in the Gulf of Mexico. Lease Sale Area 181, as it is known, has enough natural gas to heat 6 million homes for 15 years.

This is a good first step that is easily achievable. But we'll likely have to do more exploration outside of the Gulf of Mexico. A next step would be to allow States to opt out of the moratoria to allow exploration for natural gas off of their own shores. I have co-sponsored a bill with Sens. Pryor, Warner, and Allen to open up more of the OCS to natural gas exploration by providing an incentive for States to take advantage of the resources that lie off of their coasts.

I know that your 5-year leasing plan would take similar steps as these. So, I expect it is the case that your budget has prepared with increased offshore leasing in mind.

**STATEMENT OF HON. JEFF BINGAMAN, U.S. SENATOR
FROM NEW MEXICO**

Senator BINGAMAN. Thank you very much, Mr. Chairman. Madam Secretary, thank you for coming again this year, and let me just make a few observations about the administration's proposed budget. First, on the proposal to sell off the BLM lands, as I understand it, the administration's proposal is they want to sell over \$800 million worth of Forest Service lands and nearly \$200 million to be raised over the next 5 years from the sale of BLM lands, and the funds would be used for deficit reduction and for BLM operational funding needs. I have concerns with both of those provisions.

I supported Senator Domenici's provision that was attached to the Valles Caldera legislation a few years ago which permitted the BLM and Federal land management agencies, more generally, to keep all of the money that was used that they received from the sale of surplus lands in order to acquire important in-holdings within federally designated areas. That was the way the legislation was drafted as I understand it. And the administration now wants to redirect 70 percent of the net sale proceeds from land sales to the Federal Treasury. I think selling public lands for deficit reduction or for operational funding of the agency is very shortsighted. I don't think it's wise to sell permanent assets to fund operational needs. In this case, it appears that OMB has specific revenue targets that they want to meet by the sale of permanent assets.

Let me also state my disappointment again with the administration's budget on the Land and Water Conservation Fund. Once again, you have proposed drastic cuts in that funding, that \$900 million is credited to the fund each year. But as I read this budget, it proposes to spend only \$91 million for Federal land acquisition; nothing for State open space and recreational grants.

On PILT, Payment In Lieu of Taxes, again, the administration is proposing to cut funding. The proposed cut this year is about \$35 million, recommended funding of \$198 million. It's far below the authorized level, of course, of \$350 million. I hope that additional funding will be included in the Interior Appropriation bill for this important function. While I support the re-authorization of the County Payments bill, I'm not sure I understand why the administration is seeking full funding for that program while it continues to propose cuts in the Payment In Lieu of Taxes Program. It doesn't seem to me to be a good set of priorities.

Let me mention also water issues. Many of us, including Senator Domenici, myself, and others on the committee here, have struggled and continue to struggle with the water issues. The President's Budget for all Federal water resource programs, I think, is deficient. From my perspective, the Federal Government needs to be partnering with the States and local communities to help them to address infrastructure needs, to identify new sources of water and the sustainability of existing supplies, and to develop the new technologies that are needed to increase available water supplies and resolve environmental issues, as well as work on conservation projects.

As I read the administration budget, it is deficient in virtually all of these areas. So, I know the budget situation is tight. There

are still a lot of priorities that get set in the budgeting process, and I think the decision to cut away at the water-related programs is out of step with the priorities of the people I represent in New Mexico and I think out of step with the priorities of many members of this committee. Thank you again, Mr. Chairman, for letting me comment.

[The prepared statement of Senator Bingaman follows:]

PREPARED STATEMENT OF HON. JEFF BINGAMAN, U.S. SENATOR FROM NEW MEXICO

Good morning and welcome, Secretary Norton. I would like to take a few minutes to highlight a few of my observations and concerns on the Administration's budget proposal, both with respect to new legislative initiatives and the funding levels proposed for key departmental programs.

BLM LAND SALES

During the hearing on the Forest Service's budget earlier this week there was a lot of discussion, and considerable opposition, to the Administration's proposal to sell over \$800 million worth of National Forest lands. Likewise, the Department of the Interior's budget assumes almost \$200 million will be raised over the next five years from the sale of Bureau of Land Management lands, which the Administration proposes to use for deficit reduction and BLM operational funding needs. I have strong concerns with both of these land sale proposals.

I supported the provision that Senator Domenici authored as part of the Valles Caldera legislation which permitted the BLM and other Federal land management agencies to keep all of the money used from the sale of surplus lands to acquire important inholdings within Federally-designated areas. As I understand the budget proposal, the Administration now wants to redirect 70 percent of the net sale proceeds from land sales to the Treasury.

Selling public land for deficit reduction or agency operational funding needs is, in my view, an extremely short-sighted policy. Not only do I think it is unwise to sell permanent assets to fund operational needs, in this case it appears that OMB has set specific revenue targets of \$180 million over the next five years and \$350 million over the next decade, without regard to which lands actually are suitable for sale.

LWCF

I am disappointed that this budget continues this Administration's tradition of slashing funding for the Land and Water Conservation Fund. Although \$900 million is credited into the fund each year, this budget proposes to spend only \$91 million for Federal land acquisition and nothing for State open space and recreational grants. Although the Department once again is trying to fund other programs out of the Land and Water Conservation Fund, its request for authorized funding represents only 17 percent of the full authorization. I believe there is still strong bipartisan support for both the Federal and State Land and Water Conservation Fund programs and I hope this funding can be significantly increased.

PILT

As has been the case in its previous budget proposals, the Administration is again proposing to cut funding for the Payment in Lieu of Taxes, or PILT program. The proposed cut this year is almost \$35 million, and the recommended funding of \$198 million is far below the authorized level of about \$350 million. I hope that additional funding will be included in the Interior Appropriations bill, but it's too bad the Administration is not trying to help. While I support reauthorization of the County Payments bill, I'm not sure I understand why the Administration is seeking full funding for that program while it continues to short change PILT.

WATER ISSUES

Finally, I'd like to discuss water issues and assess what role the federal government should play in helping our country meet its future water needs. The President's budget for all federal water resource programs raises significant concerns from my perspective. Beyond its obvious role in sustaining life, a stable and reliable water supply is one of the core foundations for the economic activity that sustains our communities.

With issues related to population growth, environmental needs, protection of agricultural communities, and ongoing drought, the challenges with respect to water re-

sources in the 21st Century is endless. From my perspective, the Federal government needs to be partnering with States and local communities in helping them to (1) address infrastructure needs; (2) identify new sources of water and the sustainability of existing supplies; (3) develop new technologies to increase the available water supply; (4) resolve environmental issues; (5) implement water conservation projects; and (6) quantify federal water rights claims to promote effective water management.

Unfortunately, the President's budget misses the mark in all these areas and does not reflect the importance of water in this country. Nor does it help deal with the challenges already facing many regions.

While I know the FY 2007 budget is tight, there are still a lot of choices to be made, and the decision to go after water programs seems to be out of step with the needs I hear from my constituents and others across the country.

I look forward to discussing these issues in greater detail after we hear from Secretary Norton. Thank you.

The CHAIRMAN. Thank you, Senator Bingaman. Now, Madam Secretary, your statement will be made a part of the record. Please proceed. Once again, welcome.

**STATEMENT OF HON. GALE A. NORTON, SECRETARY,
DEPARTMENT OF THE INTERIOR**

Secretary NORTON. Thank you very much, Mr. Chairman and members of the committee. It's a pleasure to be with you today to discuss our fiscal year 2007 budget for the Department of the Interior.

Before we get into the substance, I would like to note two transitions. First of all, I am joined today by Tom Weimer, who is our new Assistant Secretary for Policy, Management and Budget. He takes the place of Lynn Scarlett, who has now moved on to become Deputy Secretary of our Department. Although this is Tom's first appearance here as Assistant Secretary, he is certainly no stranger to the Department of the Interior. He was Chief of Staff to Manuel Lujan when he was the Secretary, and Tom has played a very key role as the principal Deputy Assistant Secretary for Water and Science. We've called on him many times for some tough issues in the Department. I'm also accompanied today by John Trezise, who is our Budget Director. This will be John's last year of doing our budget hearings. He's announced that he's going to be retiring at the end of the year after 35 years with the Department. He has a truly incredible knowledge of all aspects of the Department of the Interior, so we are certainly going to miss him. I'm pleased to say that we have selected Pam Haze to succeed John, and Pam has been the Deputy Budget Director and is going to provide continuity to our programs.

The President's government-wide 2007 budget reflects his commitment to provide critical resources needed for our Nation's highest priorities, fighting the War on Terror, strengthening homeland defenses and sustaining a strong economy. This budget maintains fiscal discipline through improved management and by focusing on top priorities. Our overall 2007 request is \$10.5 billion. In addition to the funds requested in the 2007 budget, the President's February 16, 2006 supplemental funding request for hurricane recovery includes \$216 million for Interior agencies. This funding will be used to conduct significant cleanup, debris removal, repair and reconstruction of facilities at park units, refuges and science facilities. We'd certainly appreciate the members' support on this legislation.

In formulating the 2007 budget, we had to set priorities and make difficult choices. The budget includes reductions for programs that are a lower priority, lack clearly defined goals or duplicate activities of other agencies. In this priority-setting process, our focus was to maintain core bureau-operating programs. The budget maintains the increases provided in the past several years for park operations and continues refuge funding at the record-high levels of recent years. To help maintain core operations, the 2007 budget includes \$126 million for fixed cost increases. This request will cover 70 percent of the anticipated 2007 pay raise and will help all of our bureaus. As President Bush noted in his State of the Union speech, a dependable energy supply is vital for our Nation's economy.

I thank this committee for your bipartisan efforts that played a key role in shaping the Energy Policy Act of 2005. To help implement the goals of the Act and of the President, our budget includes \$468 million for energy programs, a \$44 million increase over 2006. This investment will help us achieve our goal of secure affordable energy in the context of strong environmental protection.

Subsurface areas managed by the Bureau of Land Management in the Rocky Mountain States represent one of the best opportunities to augment domestic natural gas supplies in the short term. The BLM estimates that basins in five Western States contain 139 trillion cubic feet of natural gas, enough to heat 55 million homes for almost 30 years. Together with base funding and funding available from the Energy Policy Act, an increase of \$9 million will enable BLM to process a record 12,000 applications for permits to drill, more than twice the number that we received in 2003 and increase inspections and monitoring to ensure operations are conducted in compliance with environmental standards and other permit requirements.

The Minerals Management Service manages over 8,200 Outer Continental Shelf leases, covering more than 43 million acres. Within the next 5 years, offshore production will likely account for more than 40 percent of domestic oil and 20 percent of domestic natural gas production. The 2007 budget includes a \$3.6 million increase that will allow the Minerals Management Service to keep pace with permitting and inspections for existing OCS leases and to conduct environmental studies in support of the new 5-year plan. The 2007 budget includes an increase of \$12 million for Alaska north slope energy activities. This increase will support preparation and implementation of the ANWR leasing program. It will also enable BLM to effectively manage anticipated increases in energy development activities in the National Petroleum Reserve-Alaska. And very importantly, it will also enable BLM to remediate old, abandoned energy-related infrastructure that has become an environmental problem. There are several decades-old wells that are very expensive to remediate.

Our budget also includes new funding for unconventional and renewable energy resources. Under the Energy Policy Act, the Minerals Management Service is given authority to permit and regulate ocean energy resources for renewable energy. This will include wind energy, and we have several applications that are pending al-

ready. It can also include tidal, current and thermal energy. The budget includes \$7 million for MMS to carry out this authority.

Mr. Chairman, you mentioned oil shale, and I'd like to share with the committee a chart that indicates the extent of our oil shale resource in this country. The oil shale resources that are in place in Colorado, Wyoming and Utah represent the largest-known concentrations in the world, 1.2 to 2 trillion barrels of oil. If you look at the chart in the light-blue area at the bottom, we have a representation of all of the world's traditional energy resources. That's the proven reserves, the undiscovered resources, basically everything for traditional oil. The maroon area is the Canadian Oil Sands. Those are a very significant resource, and those currently are being tapped and are expected to increase. The purple area at the top represents our oil shale resource in place in the United States. And clearly, it is very significant in comparison to the other world oil resources. The recoverable portion of this resource has been estimated as being at least four times the proven reserves of Saudi Arabia.

Our 2007 budget includes a \$3 million increase to accelerate implementation of an oil shale development program. We're currently finalizing research and development leases. The Energy Policy Act requires that we have in place a commercial leasing program by 2008. We are working on significant environmental analysis and other work to get that project done. The very big difference between this oil shale cycle and what we've experienced in the past is that the companies this time are investing their own money on these projects, and we've seen very significant interest. We received about 20 applications from companies for our research and development leases.

Another source of energy that is also unconventional is gas-hydrates. The 2007 budget contains a \$2 million increase for a coordinated effort to accelerate gas-hydrates. This is essentially frozen natural gas as a commercially viable energy resource. The United States has vast amounts of gas-hydrates, an estimated 200,000 trillion cubic feet of in-place gas-hydrates. These are found both at the far north in Alaska as well as at very deep levels of the ocean. There's significant international research underway with promising indications that production technology is not much different from current technologies. It is something that is still at its very early phases, and it's largely been government research by the United States as well as Japan, India, Canada and other countries. This chart shows a comparison between the existing known natural gas resources of the United States and the natural gas versus gas-hydrate resources.

A common theme throughout our budget is working with partners. By working with local communities, Interior employees benefit from local knowledge, ideas and assistance to achieve conservation results that can transcend jurisdictional boundaries. These partnerships benefit America's national parks, wildlife refuges and other public lands. In August of last year, we held the White House Conference on Cooperative Conservation, and there were well over a thousand people from all over the country who are involved in local conservation efforts. They are very enthusiastic about their projects and provided us with their insights about how the Federal

Government can improve our ability to work with and foster those kinds of local conservation efforts.

The 2007 budget builds on the lessons we learned at that conference. It includes \$322 million for cooperative conservation programs, an increase of \$10 million over 2006. From 2001 to 2006, we have achieved significant results from our cooperative conservation programs. For example, our Private Stewardship and Land Owner Incentive grants have funded over 900 projects with close to 1,500 partners. These are all intended to improve habitat for endangered or at-risk species. We work with people who are enthusiastic about protecting birds and wildlife without the conflicts of our standard regulatory program. The 2007 budget funds these programs at \$34 million, an increase of \$5 million over the appropriated level. The Challenge Cost Share Program gives resource managers greater flexibility to address high-priority needs at individual sites while promoting cooperative conservation with local partners. In 2005, the program supported over 800 projects in 45 States with over 1,300 partners. The 2007 budget includes \$21 million for Challenge Cost Share grants, a \$2 million increase over 2006.

In addition to joining with citizen stewards to protect wildlife and habitat, Interior is a steward for our Nation's cultural legacy. The 2007 budget includes \$32 million for locally focused historic preservation and Heritage Tourism programs. We propose combining Preserve America, Save America's Treasures and the Heritage Partnership Program under a unifying theme: the American Heritage and Preservation Partnership Program. This coordination will give communities broader options to link and pursue preservation opportunities. There are many communities around the country that are working on local efforts with Heritage Tourism as their focus. Obviously, it would take a huge amount to fund all of their projects. Our approach creates an appropriate Federal role through relatively small grants that facilitate local and private efforts. As another component of our historic preservation program, the budget includes \$4 million for grants to preserve Civil War battlefields threatened by development and a \$2.3 million increase for cultural resources stewardship in the Park Service.

The CHAIRMAN. Madam Secretary, are you ready to close?

Secretary NORTON. Yes.

The CHAIRMAN. If we run out of time, we won't have any time left for questions.

Secretary NORTON. Okay. I'll stop at that and let you all go ahead.

[The prepared statement of Secretary Norton follows:]

PREPARED STATEMENT OF HON. GALE A. NORTON, SECRETARY,
DEPARTMENT OF THE INTERIOR

Good morning. I am pleased to be here today to discuss the fiscal year 2007 budget for the Department of the Interior. I appreciate the opportunity to highlight our priorities and key goals.

The Department's broad, multi-faceted mission and geographically dispersed services and programs uniquely contribute to the fabric of America by maintaining and improving the Nation's natural and cultural resources, economic vitality, and community well being. Interior's 70,000 employees and 200,000 volunteers live and work in the communities, large and small, that they serve. They deliver programs

through partnerships and cooperative relationships that engage and invite citizens, groups, and businesses to participate.

The challenges of the Department's diverse responsibilities are many, but they are made more manageable through an integrated approach that defines common mission goals for all bureaus and offices. The Department's integrated strategic plan is key to this approach. The plan defines four mission categories, which include resource protection, resource use, recreation, and serving communities. Capabilities in partnerships, management, and science are at the foundation of the plan and weave throughout the four mission goals.

Using the strategic plan as a road map, since 2001, the Department has:

- Completed nearly 6,000 national park facility improvements and maintained high park visitor satisfaction rates, according to surveys;
- Helped meet the Nation's energy needs by nearly doubling annual energy permit processing on Federal lands;
- Advanced cooperative conservation through Private Stewardship and Landowner Incentive grants that have funded 943 projects with 1,466 partners;
- Protected habitat on 8.8 million acres managed through partnerships; and
- Improved forest health on 5.6 million acres of Interior-managed lands through the Healthy Forests Initiative, a 108 percent increase over the previous five years.

The 2007 budget seeks to maintain performance across the Department's strategic plan goals and improve performance in areas that are high priority Administration initiatives, within the context of the President's commitment to reduce the deficit by more than half by 2009. The 2007 budget incorporates Program Assessment Rating Tool reviews and program evaluations and a broad analysis of base programs considering cost and performance information, financial information, staffing, and the budgetary benefits of more effective and efficient utilization of resources. These efforts shaped the budget by highlighting the effect of allocation decisions on strategic goals and identifying opportunities to realign priorities and improve efficiency.

Although the details of the respective missions of Interior's bureaus and offices differ, the central focus is the same. A focus on excellent performance requires mission clarity, good metrics, and management excellence. Management excellence requires a focused approach to maintain and enhance program results, making wise management choices, routinely examining the effectiveness and efficiency of programs, finding effective means to coordinate and leverage resources, and the continuous introduction and evaluation of process and technology improvements.

The 2007 budget reflects the Department's commitment to these management strategies and management excellence.

BUDGET OVERVIEW

The 2007 budget request for current appropriations is \$10.5 billion. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional \$5.6 billion, for a total 2007 Interior budget of \$16.1 billion.

The 2007 current appropriations request is a decrease of \$392.2 million or 3.6 percent below the 2006 funding level. If emergency hurricane supplemental funding is not counted, the 2007 request is a decrease of \$321.9 million or 2.9 percent below the 2006 level.

The 2007 request includes \$9.6 billion for programs funded in the Interior, Environment, and Related Agencies Appropriations Act, a decrease of \$190.9 million or 1.9 percent from the 2006, excluding the emergency hurricane supplemental.

The request for the Bureau of Reclamation and the Central Utah Project, funded in the Energy and Water Development Appropriations Act, is \$923.7 million. This request includes a net programmatic reduction of \$43.1 million, or 4.1 percent, from the 2006 funding level. It also includes the proposed cancellation of \$88.0 million in prior year balances of appropriations for the Desert Terminal Lakes program.

Receipts collected by the Department in 2007 are projected to be \$17 billion, an increase of \$99.4 million over 2006. That is \$6.5 billion more than Interior's current appropriations request and nearly \$1 billion more than the total 2007 Interior budget.

MAINTAINING CORE PROGRAMS

With these resources the Department manages over 500 million acres and some 40,000 facilities at 2,400 operating locations. These responsibilities engage Interior as a principal manager of real property and other assets that require ongoing main-

tenance, direct services to public lands visitors, and ongoing activities to ensure public access, use, and enjoyment.

In order to deliver these services, the 2007 budget includes funding for pay and health benefits and other nondiscretionary cost increases for workers and unemployment compensation payments, rental payments for leased space, and operation of centralized administrative and business systems. Providing for these costs will allow the Department to maintain performance across strategic goals, improve performance in priority areas, and effectively serve the public.

The budget includes \$125.9 million for nondiscretionary, fixed cost increases. Of this total, two-thirds, or \$82.5 million, will cover 70 percent of anticipated 2007 pay raises. The budget assumes a January 2007 pay increase of 2.2 percent.

In addition to paying for nondiscretionary fixed costs, the budget includes focused investments for tools to enable the department's employees to do their jobs more efficiently and generate long-term cost savings including implementation of standardized systems and streamlined business practices. One of the Department's enterprise investments is the Financial and Business Management System. The 2007 budget includes \$22.2 million to continue deployment of this integrated financial and business management system that will facilitate the retirement of duplicative, outdated legacy systems.

PROGRAMMATIC HIGHLIGHTS

The 2007 budget maintains and improves performance across the Department's strategic goals to achieve healthy lands and water, thriving communities, and dynamic economies throughout the Nation. Key goals for 2007 include:

- Enhancing America's energy supplies through responsible energy development and continued implementation of the Energy Policy Act;
- Building on successful partnerships across the country and expanding opportunities for conservation that leverage Federal investments;
- Continuing to advance trust reform;
- Coordinating existing efforts under a unified program that focuses on high-priority historic and cultural protection under the Preserve America umbrella;
- Preventing crises and conflicts over water in the West through Water 2025;
- Continuing to reduce risks to communities and the environment from wildland fires; and
- Providing scientific information to advance knowledge of our surroundings.

As part of the President's effort to reduce the budget deficit by half over five years, the 2007 budget for the Department makes difficult choices to terminate or reduce funding for programs that are less central to the Department's core missions, have ambiguous goals, duplicate activities of other agencies, or require a lower level of effort because key goals have been achieved. Terminations and reductions include lower priority and earmarks enacted in 2006. For example, the 2007 budget reduces funding for the Land and Water Conservation Fund State Assistance Grant program. These grants support State and local parks that have alternative sources of funding through State revenue and bonds. In addition, a PART review found the current program could not adequately measure performance or demonstrate results.

ENERGY DEVELOPMENT

The Department's energy programs play a critical role in providing access to domestic oil, gas, and other energy resources. To enhance domestic production, the 2007 budget proposes a \$43.2 million initiative to implement the Energy Policy Act of 2005 and continue progress on the President's National Energy Policy. In total, the budget includes \$467.5 million for the Department's energy programs.

APD Processing—In 2003, the Department released an Energy Policy and Conservation Act-mandated report identifying five basins in Montana, Wyoming, Utah, Colorado, and New Mexico as containing the largest onshore reserves of natural gas in the country and the second largest domestic resource base after the Outer Continental Shelf. These onshore basins contain an estimated 139 trillion cubic feet of natural gas, enough to heat 55 million homes for almost 30 years. These resources offer the best opportunity to augment domestic energy supplies in the short term.

Before any leasing for oil and gas production can occur on the public lands in these areas, the Bureau of Land Management must have a land-use plan in place. Beginning in 2001, with the support of Congress, BLM initiated the largest effort in its history to revise or amend all of its 162 resource management plans. Within areas designated in plans as appropriate for mineral development, BLM has made a concerted effort to help bring additional oil and gas supplies to market. In 2002,

2.1 Tcf were produced from Federal, non-Indian lands. In 2003 and 2004, 2.2 Tcf and 3.1 Tcf, respectively, were produced from these lands.

The BLM is experiencing a steady increase in the demand for drilling permits. In 2000, BLM received 3,977 applications for permits to drill. In 2005, BLM received 8,351 APDs. The bureau estimates that the number it will receive in 2006 will exceed 9,300, more than double the number processed five years ago. To address this demand, BLM has taken steps to ensure that drilling permit applications are processed promptly, while at the same time ensuring that environmental protections are fully addressed. These measures, along with increased funding, have allowed BLM to make significant progress in acting on permit applications. In 2005, BLM processed 7,736 applications, nearly 4,000 more than it was able to process in 2000.

Section 365 of the Energy Policy Act established a pilot program at seven BLM field offices that currently handle 70 percent of the drilling permit application workload. The pilot program is testing new management strategies designed to further improve the efficiency of processing permit applications. The Energy Policy Act provides enhanced funding for the pilot offices from oil and gas rental receipts. During 2006, with more efficient processes and authorities and funding provided through Section 365, BLM anticipates processing over 10,000 permits.

The efforts of BLM have achieved significant results. Almost 4,700 new onshore wells were started in 2005. This level of activity is 56 percent higher than in 2002.

For 2007, the budget proposes an increase of \$9.2 million to focus on the oil and gas workload in BLM's non-pilot offices, which are also experiencing a sharp and sustained increase in the demand for APDs. This increase will provide \$4.3 million for drilling permit processing and \$2.8 million for inspection and enforcement activities. It will also provide \$2.1 million for monitoring activities. The budget also includes \$471,000 for the Fish and Wildlife Service to increase consultation work with the non-pilot offices.

With the funding proposed for 2007, we expect that BLM pilot and non-pilot offices will collectively be capable of processing nearly 12,000 APDs and conducting over 26,000 inspections in 2007.

The budget assumes continuation through 2007 of the enhanced funding for pilot offices from oil and gas receipts to facilitate a smooth transition to funding from drilling permit processing fees, effective September 30, 2007. Legislation to be proposed by the Administration will allow a rulemaking to phase in full cost recovery for APDs, beginning with a fee amount that will generate an estimated \$20 million in 2008, fully replacing the amount provided by the Energy Policy Act.

Alaska North Slope—The most promising area for significant long-term oil discoveries and dramatic gains in domestic production in the United States is the Alaska North Slope. The U.S. Geological Survey estimates a 95 percent probability that at least 5.7 billion barrels of technically recoverable undiscovered oil are in the ANWR coastal plain and five percent probability of at least 16 billion barrels. USGS estimates the mean or expected value is 10.36 billion barrels of technically recoverable undiscovered oil. At \$55 a barrel, more than 90 percent of the assessed technically recoverable resource estimate is thought to be economically viable. At peak production, ANWR could produce about one billion barrels of oil a day, about 20 percent of our domestic daily production and more oil than any State, including Texas and Louisiana.

The 2007 budget assumes the Congress will enact legislation in 2006 to open ANWR to energy exploration and development with a first lease sale held in 2008 and a second in 2010. The budget estimates that these two lease sales will generate a combined \$8.0 billion bonus revenues, including \$7.0 billion from the 2008 lease sale.

The 2007 budget includes an increase of \$12.4 million for BLM energy management activities on the Alaska North Slope. The additional funds will support the required environmental analyses and other preparatory work in advance of a first ANWR lease sale in 2008. The requested increase will also support BLM's leasing, inspection, and monitoring program in the National Petroleum Reserve-Alaska and BLM's participation in the North Slope Science Initiative authorized by the Energy Policy Act. In addition, a significant share of the \$12.4 million increase will be used by BLM to respond to the environmental threat posed by abandoned legacy wells and related infrastructure on the North Slope.

Outer Continental Shelf Development—Deepwater areas of the Gulf of Mexico currently account for 17 percent of domestic oil and six percent of domestic gas production. However, over the next decade, oil production in the Gulf is expected to increase by 43 percent and natural gas by 13 percent. The increase will come from deepwater and greater depths below the ocean floor. The 2007 budget includes an increase of \$2.1 million for OCS development, to allow MMS to keep pace with the

surge in exploration and development in the deepwater areas of the Gulf and \$1.5 million for OCS environmental impact statements on future lease sales.

New Innovations in Energy Development—The 2007 budget includes an increase of \$6.5 million for MMS's new responsibilities under the Energy Policy Act for offshore renewable energy development. MMS will establish a comprehensive program for regulatory oversight of new and innovative renewable energy projects on the OCS, including four alternative energy projects for which permit applications were previously under review by the U.S. Army Corps of Engineers.

Oil shale resources represent an abundant energy source that could contribute significantly to the Nation's domestic energy supply. Oil shale underlying a total area of 16,000 square miles in Colorado, Utah, and Wyoming represents the largest known concentration of oil shale in the world. This area may contain in place the equivalent of 1.2 to 2 trillion barrels of oil, several times the proven oil reserves of Saudi Arabia. The budget proposes a \$3.3 million increase, for a total program of \$4.3 million, to enable BLM to accelerate implementation of an oil shale development program leading to a commercial leasing program by the end of 2008, in compliance with section 369 of the Energy Policy Act. This request is accompanied by \$500,000 budgeted for USGS to determine the size, quality, and quantity of oil shale deposits in the United States.

Gas hydrates, found in some of the world's most remote regions such as the Arctic and deepwater oceans, could dramatically alter the global balance of world energy supply. The estimated volume of natural gas occurring in hydrate form is immense, possibly exceeding the combined value of all other fossil fuels.

The 2007 budget includes a \$1.9 million package of increases for gas hydrate research and development by MMS, BLM, and USGS. This will fund a coordinated effort in the Gulf of Mexico and the North Slope of Alaska to accelerate research, resource modeling, assessment, and characterization of hydrates as a commercially viable source of energy.

PARTNERSHIPS IN CONSERVATION

The 2007 budget proposes \$2.6 billion for resource protection activities that improve the health of natural landscapes, sustain biological communities, and protect cultural and heritage resources. Key initiatives in resource protection include:

Cooperative Conservation Programs—At field locations throughout the country, bureau employees and volunteers are learning by doing, working side-by-side with neighbors, and tapping into best practices from others working on similar issues. By working with local communities, Interior employees benefit from local knowledge, ideas, and assistance to achieve conservation results that can transcend jurisdictional boundaries. At the national level, conservation partnerships leverage resources, broaden our knowledge base, and help coordinate actions to achieve strategic goals.

Under the broad framework of Executive Order 13352, the Chairman of the White House Council on Environmental Quality convened a White House Conference on Cooperative Conservation. The Departments of the Interior, Agriculture, Commerce, and Defense, and the Environmental Protection Agency co-hosted the event. On August 29-31, 2005, representatives from the public and private sectors convened in St. Louis, Missouri to discuss the advancement of this cooperative conservation vision. The conference emphasized the need to create a culture of responsibility to enhance opportunities for citizen stewards to work together. To improve its partnering efforts in cooperative conservation, the Department is developing and utilizing government tools that inspire and complement citizen stewardship and environmental entrepreneurship.

From 2002 through 2006, Interior's conservation partnership programs have provided \$2.1 billion. These programs leverage Federal funding, typically providing a non-Federal match of 50 percent or more. The 2007 budget includes \$322.3 million to support continued partnership success through a suite of grant and technical assistance programs.

The FWS administers natural resource grants to governmental, public, and private organizations, groups, and individuals that focus on at-risk species and their habitats. The Landowner Incentive and Private Stewardship programs are funded at a total of \$33.8 million, an increase of \$4.9 million from 2006. Through these programs, Interior employees work with States, Tribes, communities, and landowners to provide incentives to conserve sensitive habitats, while maintaining the fabric of the local communities and continuing traditional land management practices such as farming and ranching.

The North American Wetlands Conservation Fund, the Cooperative Endangered Species Conservation Fund, and State and Tribal Wildlife grants program are fund-

ed at a total of \$196.3 million, an increase of \$9.4 million over 2006. This includes a \$7.2 million increase for State and Tribal Wildlife Grants, which contains \$5 million for a new competitive component of the program.

Challenge cost share programs in the Fish and Wildlife Service, the National Park Service, and the Bureau of Land Management are funded at \$20.3 million. These cost share programs give the land management agencies opportunities to work together and with adjacent communities, landowners, and other citizens to achieve common conservation goals. The 2007 proposal represents an increase of \$1.6 million.

The Fish and Wildlife Service budget also includes \$11.8 million, an increase of \$1.0 million, for joint ventures. The increase will result in a 1.1 million acre increase in the number of acres of landscapes and watersheds managed through partnerships and networked lands. The budget includes \$13.0 million for the Coastal program, providing an increase of \$604,000 for general program activities to address the growing demand for habitat conservation activities for FWS trust species. In 2007, coastal program activities will also expand to address the decline of aquatic habitat in areas such as the Gulf Coast, affected by Hurricanes Katrina and Rita.

Sustaining Biological Communities—The Department's 2007 budget request includes \$60.0 million for invasive species and continues the government-wide, performance-based crosscut budget effort that began in 2004. The budget provides an increase of \$994,000 for work in three priority geo-regional areas: South Florida, the Northern Great Plains, and the Rio Grande River Basin. The 2007 budget will focus on invasive species that present significant threats to ecosystem health, including lygodium, leafy spurge, and tamarisk.

National Fish Habitat Initiative—The Fish and Wildlife Service has brought together States, Tribes, and others to develop a coordinated plan to implement a geographically-focused, partnership effort to protect, restore, and enhance aquatic habitats and reverse the decline of fish and aquatic species. The 2007 budget includes \$3.0 million for the National Fish Habitat Initiative, an increase of \$2.0 million. This effort is modeled on the North American Waterfowl Management Plan Joint Ventures and will harness the energies and expertise of existing partnerships to improve aquatic habitat health.

INDIAN PROGRAMS

Trust Responsibilities—The budget provides \$536.0 million to continue the Department's ongoing efforts to reform management of its fiduciary obligations to Tribes and individual Indians, to continue historical accounting efforts for trust funds, and to reduce the exponentially growing costs of maintaining fractionated interests of Indian lands.

The 2007 budget continues funding for efforts initiated in 2002 to re-engineer trust business processes. The comprehensive changes underway are intended to bring about dramatic improvements in the management of fiduciary trust assets and better meet the needs of individual Indians and Tribes. A comprehensive and systematic plan known as the Fiduciary Trust Model is guiding reform efforts, including reorganization of Interior's fiduciary trust offices to improve service delivery and enhance accountability of trust operations. Working in partnership with beneficiaries to implement the FTM, Interior has implemented changes in operations and staffing at agencies and many other changes to ensure fulfillment of fiduciary trust goals and objectives. Implementation of integrated systems to support the FTM was completed at the Bureau of Indian Affairs Anadarko and Concho agencies in Oklahoma. These agencies now use the re-engineered trust processes and interfaced systems; trust data have been reconciled and validated, and numerous backlog cleanup projects have been completed.

The greatest challenge facing successful fiduciary trust management is the fractionation, or continuing subdivision, of individual Indian interests in the land held in trust by the Federal government. Because individual Indian trust lands are subject to a permanent restriction against alienation, they are primarily transferred through inheritance. With each successive generation, individual interests in the land become further subdivided among heirs, each of whom holds a smaller and smaller interest in the land. The ownership of many disparate, small interests generates significant management costs, benefits no one in Indian Country and creates an administrative burden that drains resources away from other Indian programs.

The Department currently administers and manages more than 3.2 million divided interests in these lands owned by 223,245 individual Indian owners. In many cases, the cost to account for and probate highly fractionated tracts far exceeds either the revenue or the value of the underlying property. Interior has demonstrated success over the past several years acquiring these highly fractionated interests

through the Indian Land Consolidation Program. Through December 31, 2005, the Department has acquired 202,775 fractional interests in individual Indian allotted lands, 100 percent ownership in 166 tracts with over 1,142 owners, and 100 percent ownership of interests held by 5,253 individuals.

The 2007 budget includes \$59.5 million, an increase of \$25.4 million, to acquire additional selected highly fractioned individual Indian land interests. The \$59.5 million will fund an acquisition program of about 80,000 additional fractionated interests. In order to maximize the effectiveness of the program, the Department is transitioning to a new long-term strategy for acquisition of individual Indian interests. The strategy will use a tiered process to select which interests to acquire. As of March 2005, there are 2,173 highly fractionated tracts owned by 98,905 individuals. A focus on these tracts will begin in 2006 and target 1,557 of these tracts.

Other trust increases include \$6.5 million that would streamline and strengthen efforts to provide cadastral surveys for Indian land transactions, \$3.0 million to continue efforts to address the backlog of unresolved probate cases, and \$2.0 million to provide for BIA technical assistance and grants to Tribes for Indian energy resource development.

The 2007 budget funds historical trust accounting at \$59.4 million, including \$39.0 million for Individual Indian Money accounting and \$17.4 million for tribal accounting.

Strengthening Indian Self-Determination—A key factor in strengthening Indian self-determination and fostering strong and stable tribal governments is the Tribes' ability to contract or compact for BIA operated programs. The Indian Self Determination Act requires BIA to provide tribal contractors with contract support costs, which include payment of indirect costs, as determined through negotiation between tribal representatives and Interior's National Business Center. Contract support funds pay a wide range of administrative and management costs, including finance, personnel, maintenance, insurance, utilities, audits, communications, and vehicle costs. Full funding of contract support costs encourages tribal contracting and promotes progress in achieving Indian self-determination. The 2007 budget proposes a \$19.0 million increase for BIA to fully fund indirect costs for contracting Tribes, a total funding level of \$151.6 million.

Improving Indian Education—Rigorous educational programs help ensure a viable and prosperous future for tribal communities. Providing Indian students with a quality education prepares American Indian children to compete in a dynamic economy. The BIA school system accommodates almost 48,000 Indian children in 184 elementary and secondary schools and dormitories, includes two schools of higher education, and administers operating grants for 24 tribal colleges. The BIA school system has experienced significant change in recent years with implementation of the No Child Left Behind Act. The Act established an Adequate Yearly Progress accountability system that measures student proficiency in math, reading, and language arts. BIA is accountable for helping schools achieve AYP targets and achieving AYP in all BIA funded schools is a top objective of the BIA. Student performance at BIA schools, while improving, remains lower than national averages and in the school year 2004-2005, 30 percent of BIA schools met the AYP measure.

Working with Tribes, BIA developed a Program Improvement and Accountability Plan to improve the effectiveness of the education services provided in the Bureau school system. The Plan identifies six major objectives such as achieving AYP and the tasks to achieve the objectives, including hiring, training, and retaining highly qualified staff. The 2007 budget includes an increase of \$2.5 million to realign education offices and meet the staffing requirements identified in the Plan.

The Indian education program also includes a new initiative to address the needs of juveniles detained in BIA funded detention centers, a segment of youth that has been underserved in the educational system. The request of \$630,000 will be used to provide education services to students temporarily detained in the 20 BIA funded juvenile detention centers.

From 2001 through 2006, BIA received \$1.6 billion for the Indian education program to replace 37 schools and undertake major facility improvement and repair projects at 45 schools. The funding has resulted in significant improvements, increasing the number of schools in good condition. In 2001, 35 percent of the BIA schools were in good or fair condition. After completion of work funded through 2007, approximately 65 percent of the schools will be in good or fair condition. To continue improvement of facility conditions at BIA schools, the budget includes \$157.4 million for education construction. In order to focus on the 27 school replacement projects funded in previous years that are in the design phase or under construction, the education construction budget reflects a reduction of \$49.3 million from 2006.

Johnson-O'Malley—The budget proposes to eliminate the \$16.4 million Johnson-O'Malley grant program. These grants, identified in the Tribal Priority Allocations of some Tribes, are distributed by the Tribes to address Indian student needs in local public schools. The grants duplicate similar funding made available by other Federal and State assistance programs. The Department of Education, for example, provided \$115.9 million in 2006 to public schools on or near Indian reservations. In addition, JOM grants do not address a focused goal for academic achievement, and lack a means to measure and report on its impact to student performance. Eliminating JOM grants allows BIA to strengthen its commitment to the BIA school system and avoid redundant Federal programs.

Law Enforcement—Indian Country comprises 56 million acres of land and 1.6 million people. Indian Country has less than two law enforcement officers per thousand people served, as compared to more than four officers per thousand people in comparable rural communities. One of the largest challenges facing the BIA law enforcement program is violent crime. The violent crime rate in Indian Country is twice the national average. The 2007 budget proposes an increase of \$1.8 million for law enforcement in Indian Country. An additional \$2.7 million is requested to staff newly constructed tribal detention centers that will be operational in 2007.

CULTURAL RESOURCES

The 2007 budget supports the leading role of the National Park Service's in the preservation of nationally significant natural and historical resources. Through complementary historic preservation programs, NPS helps to protect heritage resources through initiatives to inventory, manage, and preserve artifacts and monuments and encourages community efforts to preserve local and regional cultural landscapes. The BLM is also a caretaker of significant cultural resources, managing what is perhaps the largest and most diverse collection of cultural properties in North America.

American Heritage and Preservation Partnership—Through its Preserve America initiative, the Administration is encouraging community efforts to preserve our cultural and natural heritage. The goals of the initiative include a greater shared knowledge about the Nation's past, strengthened regional identities and local pride, increased local participation in preserving the country's cultural and natural heritage assets, and support for the economic vitality of our communities.

The 2007 budget request for NPS includes \$32.2 million for locally focused historic preservation and heritage tourism programs, as part of Preserve America initiative. This budget presents a more seamless approach to these programs by combining Preserve America grants, Save America's Treasures, and the Heritage Partnership program, and operating these programs under a unifying theme.

Preserve America grants help States and communities preserve their historic resources by incorporating them into their local economies. The 2007 budget includes \$10.0 million, an increase of \$5.1 million above the 2006 level, for grants to help communities develop resource management strategies and business practices for continued preservation of heritage assets.

NPS Asset Management—The NPS is responsible for maintaining over 7,500 facilities for more than 273 million visitors annually. Over previous decades, a backlog of maintenance accumulated in the parks. Starting with the 2002 budget, the Administration has invested \$4.7 billion and undertaken nearly 6,000 facility improvements within the parks, resulting in improved roads and trails, rehabilitated visitor centers, more accessible campgrounds, stabilized historic structures, and visitor satisfaction rates that are high.

Ensuring the state of disrepair experienced in the past does not recur requires an asset management plan that addresses all phases of an asset's lifecycle and encompasses the total cost of ownership for each asset. Effective facility management requires a comprehensive inventory of needs, assessment, and a facility condition assessment survey process, which provides the necessary information for determining resources that are necessary to maintain facilities and infrastructure in acceptable condition. At the end of 2005, NPS had performed comprehensive condition assessments on 57 percent of its asset inventory and is on track to meet its goal of completing the first cycle of assessments by the end of 2006. The 2007 budget continues to support implementation of the NPS asset management program. Total construction and maintenance funding is \$622.8 million, a decrease of \$80.6 million from 2006, but still above the funding levels during any prior Administration. This reflects a return to sustainable funding levels after the completion last year of a five-year surge in funding. The budget request focuses on protecting and maintaining existing assets rather than funding new construction projects.

Cultural Resource Protection—Thousands upon thousands of cultural properties have been reported in surveys of BLM public lands, including cliff dwellings, mines, ground figures, rock art renderings, military outposts and homesteads, and others. These resources represent the tangible remains of at least 13,000 years of human adaptation to the lands, and span the spectrum of human experiences since people first set foot on the North American continent. Many of these valuable and irreplaceable properties and artifacts are threatened by unauthorized use, theft, and vandalism. The 2007 budget proposes a \$3.0 million initiative to improve the protection, preservation, access to, and interpretation of these cultural resources to enhance their economic, scientific, cultural, and educational value to all Americans.

RESOURCE USE

The Department's strategic goal for Resource Use includes programs that manage natural resources to promote responsible use and sustain a dynamic economy. Included in the \$1.5 billion supporting this goal are programs focused on enhancing the Nation's energy security and availability, increasing timber production and improving forest health, and maximizing water availability through improved delivery and efficiency of water use. In addition to the energy initiatives discussed above, the following are the areas of emphasis in the 2007 budget.

Water 2025—As water supply challenges increase in the West, the Bureau of Reclamation is positioning itself over the long term to help prevent crises and conflict. Water 2025 affirms this goal by focusing resources on increasing certainty and flexibility in water supplies, diversifying water supplies, and preventing crises through added environmental benefits in many watersheds, rivers, and streams. The 2007 budget request includes an increase of \$9.6 million for Water 2025, for a total funding level of \$14.5 million. The additional funding will allow the Bureau to promote the use of effective, low cost approaches to increase water supplies, including improvements to existing irrigation facilities, installation of computerized water measurement and canal control devices, increasing water marketing opportunities, and making water purification more affordable. In many basins in the West, where water demands for people, cities, farms, and the environment exceed the available supply even in normal, non-drought years these changes will significantly help to prevent crises and conflicts.

CALFED—Critical to California's economy, the Sacramento-San Joaquin Delta serves as the hub of the State's water management system. The Sacramento and San Joaquin Rivers provide potable water for two-thirds of California's homes and businesses, and irrigate lands on which 45 percent of the Nation's fruits and vegetables are grown. The Sacramento-San Joaquin Delta provides habitat for 750 plant and animal species. Established in May 1995, CALFED is a comprehensive, long-term program to address the complex and interrelated problems in the Bay-Delta, the watersheds that feed it, and the areas served by the waters diverted out of it. A consortium of Federal and State agencies fund and participate in the program.

The Calfed Bay-Delta Authorization Act of 2004 provides a six-year Federal authorization to implement the CALFED collaborative plan for restoration and enhancement of the Delta estuary. The CALFED plan provides a long-term solution to the complex and interrelated problems in the Bay-Delta and is the foundation for the actions taken by the Federal and State consortium, which is focused on goals to improve water management and supplies and the health of the ecosystem. The 2007 budget includes \$38.6 million for the Bureau of Reclamation to implement CALFED activities, nearly \$2 million more than the 2006 enacted level.

Increasing Timber Products—Working in conjunction with the U.S. Forest Service, Interior manages timber tracts on public lands and follows the goals of the Northwest Forest Plan and forest management plans. The 2007 BLM budget will generate increased timber production with a \$3.0 million increase in the Oregon and California Forest Management program that supports the commitments of the settlement agreement in the lawsuit *American Forest Resource Council v. Clarke*. The additional funding will focus on implementing the Northwest Forest Plan under commitments of the settlement agreement, which directs BLM to produce the allowable sale quantity of 203 million board feet and an additional 100 MMBF through the thinning of late-succession reserves. The increase will allow BLM to ramp up to meet the commitment level of 303 MMBF by 2009. It will result in an additional 20 MMBF of timber offered in 2008 and 2009, which are projected to generate \$6.5 million in additional timber receipts.

Payments in Lieu of Taxes—The 2007 budget proposes \$198.0 million for the Payments in Lieu of Taxes Program. PILT payments are made to local governments in counties, townships, and other jurisdictions where certain Federal land is located within their boundaries based on the concept that local governments incur costs re-

lated to maintaining infrastructure on Federal lands but are unable to collect taxes on these lands. The budget funds \$197.6 million for PILT payments and \$400,000 for program administration. Although this is \$34.5 million below the 2006 record high level, it is comparable to historical funding levels.

WILDLAND FIRE

The Department's 2007 budget for the Wildland Fire Management program continues implementation of the National Fire Plan and the President's Healthy Forests Initiative. Interior's fire bureaus, working collaboratively with the Forest Service, will continue meeting the Department's Strategic Plan goal of reducing risks to communities and the environment from wildland fire. Since adoption of the National Fire Plan, significant investments in preparedness resources have strengthened initial attack capability and combined with improvements in management and operation, have led to improved firefighting capability. The Department's success rate for containing wildfires at initial attack was 92 percent in 2000. Interior anticipates that it will maintain at least a 95 percent success rate in 2007. The Department has also made substantial progress in addressing the threat posed by heavy fuels buildup and over the last five years, 2001-2005, has treated nearly 5.6 million acres. By contrast in the five years preceding the National Fire Plan, Interior treated few than 2.7 million acres. The management and effectiveness of the hazardous fuels reduction program have also improved. Treatments in the wildland-urban interface have grown from 22 percent of acres in 2001 to nearly 44 percent in 2006.

In 2007, Interior will maintain its high success rate for containing wildfires at initial attack through more effective and efficient use of preparedness and suppression resources. The Department will also continue to strategically implement hazardous fuels reduction projects to reduce risks to communities and improve forest and rangeland health. The 2007 budget proposes \$769.6 million for the Wildland Fire management program. This includes an increase of \$26.3 million for fire suppression operations, to reflect the ten-year average cost of fire suppression.

Rural Fire Assistance—The 2007 budget for Wildland Fire continues partnerships with local fire departments. Interior fire agencies will continue efforts begun in 2006 to use \$1.9 million in preparedness funding to provide training and personal equipment to local firefighters to help build a ready-reserve of local firefighters that can support initial and extended attack on large forest and thereby improve the effectiveness of Federal cooperation with local firefighting agencies. The \$9.9 million rural fire assistance program is proposed for elimination as a separate funding source because the types of equipment and basic training needs it provides will be met through the U.S. Forest Service and the Department of Homeland Security.

SCIENCE PRIORITIES

Science forms the foundation of Interior's land management decisions and strengthens the ability of land managers to address a range of issues. The U.S. Geological Survey serves as the Department's primary source of scientific research, earth and biological sciences data, and geospatial information. The 2007 budget includes \$944.8 million for USGS science related initiatives to protect lives and resources and provide scientific leadership through improved hazards detection and warning, improved energy research, streamgaging, and participation in the Landsat Data Continuity Mission.

Multi-Hazards Pilot—The USGS is responsible for the assessment, monitoring, and prediction of geologic hazards. The 2007 budget proposes a multi-hazards initiative aimed at merging information about different hazards into integrated products to support land-use planning, hazards mitigation, and emergency response. The pilot will be funded by a redirection of base resources and, in addition, the budget calls for an increase of \$2.2 million to enhance these resources.

Landsat Data Continuity Mission—Landsat satellites collect data about the Earth's land surfaces for use in wildland fire management, detecting and monitoring invasive plant species in remote regions, assessing water volume in snow pack and large western aquifers, assessing the stewardship of Federal grazing lands, monitoring the land-use and land change in remote regions, global crop monitoring, and global mapping. USGS and NASA are partnering to build a new landsat satellite set to launch in 2010. The budget requests an increase of \$16.0 million for USGS to finish designing and begin building a ground system to acquire, process, archive, and distribute data from the new satellite.

Streamgages—The USGS operates and maintains approximately 7,000 streamgages that provide long-term, accurate, and objective streamflow and water quality information that meets the needs of many diverse users. The 2007 budget includes an increase of \$2.3 million to allow USGS to continue operations at high

priority Federal interest sites as well as increase the number of streamgages reporting real-time data on the Internet.

CONCLUSION

The budget plays a key role in advancing our vision of healthy lands, thriving communities, and dynamic economies. Behind these numbers lie people, places, and partnerships. Our goals become reality through the energy and creativity efforts of our employees, volunteers, and partners. They provide the foundation for achieving the goals highlighted in our 2007 budget. This concludes my overview of the 2007 budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.

The CHAIRMAN. Thank you very much. Senator Bingaman, do you want to go first, and then I'll follow.

Senator BINGAMAN. Thank you very much, Madam Secretary, for being here, and let me raise a few specific issues that concern me in the budget. Is there an explanation—I mentioned in the opening comments I had there that it seems the administration supports full funding for the County Payments Program, and proposes to cut the PILT Program. Is there a reason why the PILT program is a lower priority than the County Payments Program?

Secretary NORTON. The Secure Rural Schools program is a proposal that has been put forward by the Forest Service. The Department of the Interior benefits from that in that they assume some of the payments that we would otherwise be taking care of ourselves. PILT is something that we have supported. It is one of those things that we simply did not feel that we had the resources to fund at as high a level as I know people would like to see.

Senator BINGAMAN. I think I'm right. This is the third year in a row you have proposed cuts in the PILT Program, fairly significant cuts, so it's a concern which I wanted to raise. Let me ask about—there's a National Park Service rule that's been proposed to allow National Park Service employees to solicit funds. That strikes me as contrary to my view of what a park employee ought to be doing.

Secretary NORTON. Senator, we have had a long-standing cooperative approach of working with friends organizations in our Park Service. We have 150 friends organizations that are great partners for us in our parks. We have the National Park Foundation that is the only national organization that is the charitable arm of the National Park Service.

Senator BINGAMAN. They've traditionally done the fund raising, right?

Secretary NORTON. The idea that a park superintendent would never even ask those groups to do any activities for them and would have no involvement at all in fund raising is really not consistent with reality. What we have tried to do is put in place something that is consistent with reality that has guidelines that try to differentiate between work being done by a Girl Scout or Boy Scout troop on a new trail compared to some things that really ought to have some significant oversight to avoid conflicts of interest.

Senator BINGAMAN. You're not contemplating that national park employees actually solicit funds, or you are?

Secretary NORTON. I know some people have expressed a concern that we might, in essence, be having performance standards that would say park employees have to raise funding or things like that. That is not at all what is contemplated. What we contemplate is

what we think is an appropriate role that recognizes that you can't say no Park Service employee can ever tell somebody, "Gee, it would be nice to have this kind of an improvement at the park," or "We'd like to see this kind of funding." It recognizes that there ought to be an appropriate role and ought to be guidelines that are based on reality.

Senator BINGAMAN. Let me ask about fire assistance. We've had a series of grass fires in my State, in Oklahoma, in a lot of different States, but in my State, a lot of it's on BLM land, and your proposal is to terminate the \$10 million Rural Fire Assistance Program. The explanation in the budget is that it's in order to avoid potential overlap with the Department of Agriculture or the Department of Homeland Security fire assistance programs. I can't figure out what that overlap would be. It doesn't seem to me that any of those departments are meeting the need for rural fire assistance. And since a lot of this is BLM land, it seems to me we ought to be putting money into it.

Secretary NORTON. Both of those organizations have funding that is available for fire departments, including rural fire departments, and the Forest Service is specifically targeted in that way. We recently updated an agreement with the Department of Homeland Security that will ensure a greater role for wildland fire agencies in reviewing and issuing grants to States through the programs that they administer. We have provided considerable funding to local fire departments through time to purchase fire engines and other equipment and, certainly, those remain available.

Senator BINGAMAN. Well, my information is that the Forest Service is proposing to cut their support for fire assistance programs by 30 percent. The Department of Homeland Security is proposing to cut theirs by 55 percent, and you folks have proposed to eliminate yours, so it just strikes me that there must be a high-level decision in the administration that this is not something that the Federal Government needs to worry about. It can be a local problem or a local concern. I just wanted to register my strong disagreement with that. Let me ask about the water funding. I guess my time is up, Mr. Chairman. Thank you.

The CHAIRMAN. All right, I'm going to ask three or four questions and then submit a number of them for the record. First, in the Energy Policy Act, we established seven pilot centers where you were to consolidate the agencies and activities that had to do with granting permits for drilling. As I recall, two were in New Mexico, five in other States. I understand you are moving along with that?

Secretary NORTON. Yes, we have instructed the Bureau of Land Management to move quickly on staffing those offices, and they have been doing so. And so, I think they've done a very good job in getting people in place. We've reached agreements with the other affected agencies so that we're moving together in a coordinated way.

The CHAIRMAN. All right. Now, those are the ones that we expect to eliminate the delay that would occur because you have to move from office to office, starting over again with each office bringing them together. Who will be in charge of seeing that we don't just set it up, but that it works? Are you going to have some way of,

say in a year, being able to tell us that there was some effectiveness to these consolidated permitting centers?

Secretary NORTON. We're working to very closely monitor the applications for permits to drill and how those are being handled by the agencies. We have also requested funding for the non-pilot offices because some of our significant processing requests are also in those offices. So, in both the pilot offices and the non-pilot offices, we are working to see that we don't have a backlog and also very importantly, that we're doing the inspections and monitoring that will make sure those are done in a responsible way.

The CHAIRMAN. Now, the funding for that is the one we have a disagreement with. You have the money in the law now the way we wrote it. And if we don't change it, money flows and you don't have any new permit fees that have to be started to set this in motion. Is that correct?

Secretary NORTON. Yes.

The CHAIRMAN. I think that's correct.

Secretary NORTON. Our proposal is to change that.

The CHAIRMAN. On OCS Area 181, I really don't think we want to get into an argument over who's doing what best, but it seems like we don't understand your proposal the way some are interpreting it. Our bill, the Domenici-Bingaman bill, it appears to me has a different piece of property involved than yours. We have a larger part of 181 involved. Is that not correct?

Secretary NORTON. That is correct. That is proposed under our 5-year plan is 2 million acres in the Lease Sale 181 area. My understanding is that yours is 3.6 million acres. We've also proposed to at least consider opening the 6 million acres that are south of Lease Sale 181.

The CHAIRMAN. I understand. Now, you would have to start 1 year sooner under ours than yours as we understand it, from what our interpretation of your rules versus our mandate and our law. Is that not correct?

Secretary NORTON. Let me say, Senator, it depends on when your legislation is passed.

The CHAIRMAN. Gotcha.

Secretary NORTON. If your legislation were passed today, we would have 1 year from today to get that lease sale done, and we would make sure that happened. If your legislation is passed in the fall, then we would all be on the same time track because our proposal is to have a lease sale in that area in the fall of 2007.

The CHAIRMAN. All right. Senator, I am going to turn it over to you to chair if you would for me.

Senator THOMAS. All right.

The CHAIRMAN. Thank you, Madam Secretary. We'll be working together closely.

Secretary NORTON. Thank you.

Senator THOMAS [presiding]. Thank you. That being the case, I'll ask the next questions. Some discussion on the reduction in the number of audits they conducted on oils and gas leases, and relation, the amount of spending on audits, how much is generally recovered from underpayments?

Secretary NORTON. We go through a cycle of doing audits. It used to be that within 5 years after the production occurred, that the au-

dits would be completed and companies would be asked to pay any additional revenues. We now are working on a 3-year cycle so that any additional amounts would be paid sooner. Since 1982, our audits have caused collection of an additional \$2.6 billion in royalties.

Senator THOMAS. Right.

Secretary NORTON. We are working to see that our audits are done in a targeted way. We're also, through usage of royalty in kind, able to simplify the kinds of auditing that needs to be done.

Senator THOMAS. That was my next question. How effective has that been in reducing the need for audits?

Secretary NORTON. Extremely effective. Royalty in kind essentially requires us to just verify whether the volume of oil or natural gas that has been provided to us is the appropriate share, as opposed to having to determine volume and price and imputed deductions and so on and so forth that has to be done. It's essentially the equivalent between a complex income tax system and a flat tax. It's a very different approach.

Senator THOMAS. Well, I certainly agree with your comment about having to hold down the expenditures, but we also need to look at increasing efficiency in some of these kinds of things, and I think that can be done. You mentioned increase for the parks. As a matter of fact, we're told that there's a reduction in the budget for the Park Service.

Secretary NORTON. We have focused on the things that matter most to the visitors. First of all, in park operations, we have increased our park operations by 25 percent since 2001, and we have a chart that indicates our visitor service funding.* We have been looking at ways that we can keep our spending under control across the Department, and one of those ways that we've looked at is in capital construction. We are not initiating very much anywhere in the Department in the way of new capital construction. There is a decrease in the construction program for the National Park Service. Despite this decrease, we are still proposing \$933 million for park construction maintenance. This is the third highest funding level ever and more than twice the level of just 10 years ago. There are some reductions in the parks that show up in the Park Service budget that are pass-through funds that go to States or the private sector.

Senator THOMAS. But I guess the conflict in the information is you said it's going up, and the fact is the overall park budget is down.

Secretary NORTON. That's correct, yes.

Senator THOMAS. I guess I misunderstood when you said increase. A couple of things are kind of interesting, the sale of BLM land, some of that identified for disposal, but 70 percent of the receipts would go to the Treasury. As these are done, why aren't they maintained to be used to manage the lands that are remaining?

Secretary NORTON. The legislation that exists right now is one that allows for the sale of BLM lands. BLM has had that authority since the passage of FLPMA in 1976, but the current process essentially allows BLM to sell lands that then go to pay for in-holdings in Park Service or Forest Service properties. That, frankly, just has

*The chart has been retained in committee files.

not operated very well. I think it's very important for us to have a land management tool that lets people at a local level look at the excess property that has been identified in our land use planning process as appropriate for disposal, the isolated tracts and so forth, and to be able to use those for local projects and local operations. The proposal that we have would also provide funding for the Federal Treasury from that. One thing I do want to clarify from a comment or question that Senator Bingaman had, and that is that we do not have a target that we are intending to raise, to identify acres and sell those off as a target. That was simply an estimate that was done of what the effect of this proposal might be.

Senator THOMAS. But the overall Federal program has set aside certain numbers—specifically, a number of acres that are to be sold.

Secretary NORTON. That is—

Senator THOMAS. 300,000.

Secretary NORTON. That is not the reality of the way in which we see this operating. There are acres that are identified routinely in our land use plans that would be available for disposal or appropriate for disposal and an estimate of about what might be expected to arise from local BLM applicants to do that.

Senator THOMAS. Okay. A little different view within the administration apparently on how that's going to be handled, and we've heard it just a little differently than that.

Secretary NORTON. Oh, I'm sorry. I think you're thinking of the Forest Service proposal that does have a target amount.

Senator THOMAS. And when they talked about BLM lands as well.

Secretary NORTON. And that is not accurate.

Senator THOMAS. Okay.

Secretary NORTON. To the extent that is the way our budget documents appear, that's not an accurate reflection of the way in which this would work.

Senator THOMAS. One quick, final question. What about funding for de-listing of endangered species and so on? That seems to drag on and on, and often, we hear we don't have the administrative time to do it. Is there funding to get this job done on wolves and on grizzly bears?

Secretary NORTON. We do have robust levels of funding for our Fish and Wildlife Service. I know that we have, I believe, a million for grizzlies in the Yellowstone area that are a part of our budget proposal and have been working with your State, as well as Montana and Idaho on the de-listing of wolves. That has been not so much a budgetary issue as a—

Senator THOMAS. I realize that. I wish—just an observation, I wish we could just sit down and say all right, we want to finish this job instead of holding out for this or holding out for that and say how do we get this done. It's been going on far too long and needs to be done. Okay. Let's see. We switch over to the other side.

Ms. Landrieu.

Senator LANDRIEU. Thank you. Madam Secretary, let me begin with a positive comment and thank you all for including the National Technology Preservation Center, which had been zeroed out the last couple of years. Your Department has worked very closely

with Congressman McCreary, whose district that center is in, but the center takes on even more significance because of the tremendous loss of historic properties all along the gulf coast in this hurricane. It's the only center, as you know, in the Nation that focuses on technology regarding the preservation of historic buildings. And so, to have lost that center, particularly at this time, would have been devastating for the Nation, but particularly for the gulf coast. So, I want to just commend you all for funding it. Although we have a level funding, I'd like to work with you to see if we can at least keep up with the expansion of the research that's going on there that's been extremely helpful, located at one of our fine colleges there in Louisiana. On a positive note, I wanted to say that for the record.

Also, thank you for your focus and interest on restoring the many miles of devastation of refuges that occurred along the gulf coast of Louisiana. Let me ask you to comment about what your department is doing, particularly in the parks—Jean Lafitte, Bayou Segnette. There's a tremendous amount of debris, as you know, a huge amount of debris that is scattered from Pascagoula to Beaumont. And of the refuges there—of course, the Nation's first refuge was established on the coast of Louisiana. Can you or anyone from your Department just briefly give an update on the focus and extra resources you all are bringing to bear on clearing some of that out and how you're working with FEMA to get these parks stood up again and operating, because I understand that visitation is somewhat limited?

Secretary NORTON. We have been working in our parks and our refuges to try to remove debris and to restore those areas. As I mentioned earlier, and I'm not sure if it was before you came in, that we have a \$216 million supplemental request as part of the overall Administration supplemental request that would be for Interior agencies, and we do anticipate that a significant amount of that would be for our parks and refuges.

Senator LANDRIEU. Okay. And is there a process for application for those moneys that you could talk about just briefly, or is it a competitive process or a grant process that's being established?

Secretary NORTON. These are all for funds to be used within the Department of the Interior for our activities, for our parks and our refuges. And so, we would try to prioritize those needs as we see them, from park to park and refuge to refuge.

Senator LANDRIEU. Okay, because I'd like to compare at least what we know the needs are with the amount of money to see how short we are, or if we are short, we need to know that amount, so that we can try to fix that in the budget, because getting these refuges stood up is a big part of the environmental restoration that's going to take place on the gulf. And I realize that money is short, but these are very significant areas that we need to focus on and they have been a little bit lost in the discussion of levees and housing, but these environmental areas of wetlands restoration and refuges are critical for the redevelopment of the gulf coast. Did you want to add anything, Tom?

Mr. WEIMER. Well, the Secretary has correctly stated that the \$216 million we feel is adequate for handling our lands, the refuges and the parks.

Senator LANDRIEU. Do you know how much of that has been spent already or allocated already?

Mr. WEIMER. I don't. John, do you have that number?

Mr. TREZISE. Senator Landrieu, the Congress, in the supplemental passed in December, provided \$70 million to the Department, and the Fish and Wildlife Service and the Park Service are actively spending those funds today. For example, at Bon Secour National Wildlife Refuge in Alabama, we've removed 14,000 cubic yards of debris and were able to reopen that refuge. The President's supplemental request, which was submitted about 3 weeks ago, includes an additional \$216 million for the Department, which, as Tom Weimer said, we believe is adequate to do everything that we need to do and can do over the next year.

Senator LANDRIEU. All right. I want to move on, but just for the purposes of the record, as we talk about rebuilding New Orleans and the region—I'm going to submit this, Mr. Chairman, for the record, but to my knowledge, no city in America has donated more of its land to create a refuge than has New Orleans, that refuge being Bayou Sauvage, which is about half of New Orleans East. So, when we talk about making the city greener, it's about as green as any city in America could be, with the largest urban park, Audubon Park, which is another large park. A great portion of the city's property was donated back in the 1970's to create this great refuge. It's within 5 minutes of downtown. I'm not sure there's any other city in America that can boast of that kind of set aside of Federal lands that need to be, of course, managed and maintained.

Let me ask again, on the Energy Policy issue, about a Coastal Impact Assistance program that was established by Senator Domenici and Senator Bingaman last year, the \$1 billion to coastal States, which establishes, for the first time, a real partnership with the five States that allow for offshore oil and gas drilling, which, for the record, as this committee knows, is going to be estimated to be, in 2007, \$8.8 billion, up from \$2 billion 10 years ago. That is contrasted with onshore receipts of the same year being only about \$2 billion. So, Outer Continental Shelf revenues are rising significantly as onshore revenues have been either level or decreasing, which brings me to the reason that that's happening, which is because you've got four States in America that are basically serving as hosts for this offshore industry. What is the Department doing to develop the program and guidelines that we began in 2006 to apply this formula and disburse the money to these coastal States, Madam Secretary?

Secretary NORTON. We have begun the analysis for those guidelines, and the Minerals Management Service has redirected \$600,000 to begin implementing that program. We'll be happy to work with you as we are going through the process of getting those guidelines in place.

Senator LANDRIEU. Because as we establish that this year, it really lays a precedent down what I think makes a great deal of sense. We're hoping that as we move forward with additional legislation, that that can become a model of what we can build on as we seek to open up other areas of exploration in the Gulf of Mexico, that this program can really lay down a marker for the kind of partnership that is mutually beneficial, respectful of what States

do that host it and protect the billions of dollars of infrastructure that exist that are threatened by hurricanes and natural disasters. We saw that happen in the recent barrages of wind and rain that came from Katrina and Rita. I know my time is up.

Senator THOMAS. Your time has expired.

Senator LANDRIEU. Thank you. Just two, not questions, but markers for the record. The cuts to historically black colleges is very concerning, particularly the two that we have, Xavier and Dillard, that received tremendous flooding. I'm going to work with you to try to restore that. And the Land and Water Conservation Fund, which, if our country's going to focus on obesity, the Federal Government had better be a partner in helping States to set up bike trails, walking trails, parks throughout urban and rural areas, or we're not going to accomplish that goal. Thank you, Madam Secretary.

Senator THOMAS. Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman. Welcome, Madam Secretary. Appreciate you being here. I, too, will start out with a compliment to you. Thank you for your personal efforts, that of your Department, as we worked to advance ANWR last year. We'll go at it again certainly. And given the revised estimates, the updated estimates of the economically recoverable oil, released last fall, I again am assuming that within the Department of the Interior, you will continue to be supportive and aggressive as we try to impress upon the rest of the country the need to open up ANWR. So, I'll just throw you the first softball.

Secretary NORTON. Well, we certainly will. We recognize that this is our largest onshore source of oil for the country that is a traditional source of oil. We will be working very hard again to explain to people how you can have that oil supply for the country's needs and protect the environment there. I certainly believe that can be done.

Senator MURKOWSKI. We will continue to work with you on it and appreciate your assistance. I also want to thank you for your enthusiasm.

Speaking to the gas-hydrates issue, this is something that Senator Akaka and I have been working on in advancing our legislation on this. I'm pleased to see that you have increased by a \$2 million increase from last year for this gas-hydrate research. We just think that the potential there is so huge. And it is something that, quite honestly, most people do not recognize that potential, but we've got to have the research, we've got to have the stuff on the ground to understand what it is that we have before we get moving forward. I would ask for your assistance in working with your colleague, the Secretary of Energy. As you know, the Energy Department has not been as aggressive in the funding for the gas-hydrates research on their side. I think we're going to need the support from both departments in order to make this happen.

I need to ask you about the support for the Alaska Land Transfer Acceleration Act. As you know, we passed this in 2004 with the Department's help in an effort to get the lands that have been conveyed to the State of Alaska at statehood, get them conveyed before our 50th anniversary of statehood coming up in 2009. We've had some setbacks last year in the 2005 budget that was proposed, but

we were fortunate that Congress didn't follow the administration's recommendation. We moved forward with it, but now we've got within the 2007 budget a proposal which is a \$4.9 million reduction over what was appropriated in 2006. That concerns me. This is supposed to be a lands acceleration act, not a lands deceleration act. And given the reduction in funding, we believe that's where it goes.

In your comments, you mentioned that it is tough budget times, and we have to make a determination, and you look to lower priorities, or you look to perhaps those programs that don't have clearly defined goals, and I would just suggest that the goals in this are about as clearly defined as we could possibly have. Now, recognizing that a report on the progress of this is due by the end of 2007, can you give me the assurance that we in fact are on track, that we will be able to conclude with the conveyances within the time period prescribed by the act given the funding decreases that the Department is suggesting?

Secretary NORTON. We've been working to operate more efficiently and to be sure that we have the staff to be able to do the work. We are on track in 2007 to patent or close selections to 500,000 acres of Native corporation lands and about 500,000 acres for the State of Alaska with the funding that is proposed under this budget.

Senator MURKOWSKI. I am going to be asking the chairman of the Public Lands and Forests Subcommittee to conduct an oversight hearing, convene a hearing on this particular issue just to kind of determine the status, so it'll be important to hear from the Department's perspective where you think you are, where we think you are in an effort to get this very important land issue advanced in a timely manner.

One more question for you, and Senator Bingaman raised this as an issue, and that is the Payment In Lieu of Taxes. I just attended a Forest Service budget committee, and we discussed the Secure Rural Schools Act and the reduction to the local governments and the school districts by 50 percent over the next 5 years. This is a huge kick in the stomach to so many of our small communities, particularly in southeast that were timber-reliant communities. Ninety-one percent of their land is owned by the Federal Government. They've got economies with no place else to turn. So, on the one hand, they're hit with that, and now, we're looking to the reductions in the PILT money. This is just the one-two punch that we don't think many of our communities will be able to sustain. Again, I hear what you have said in response to Senator Bingaman, but we've got to look at this very critically. This is going to be huge to so many of our communities.

Madam Secretary, we have 64 percent of our lands in Alaska that are owned by the Federal Government. It is a situation where, when we look to the lands that we are not able to collect taxes on because of the Federal ownership status, we're in a real bind. And so, this is certainly one area where we need you to understand our situation in the State of Alaska. And we've got to do something because otherwise, we're going to be shutting down a fair number of our communities.

Secretary NORTON. If I can point out, the Department of the Interior, through its revenue sharing on minerals and through other programs, pays about \$4 billion to States and to counties. And so, PILT is only a part of that. The Rural Schools Program was set to end after a 5-year transition. The administration has proposed to continue that with the funding from land sales to the Forest Service, so we are working to try to address those issues for local communities.

Senator THOMAS. Okay, thank you.

Senator MURKOWSKI. Thanks, Mr. Chairman.

Senator THOMAS. Senator Salazar.

Senator SALAZAR. Thank you, Senator Thomas, and welcome, Secretary Norton. It's always good to see a fellow Coloradan in front of this committee and I enjoy our work together. I have a series of questions. The first one relates to the Payment In Lieu of Taxes Program, and I will just tell you my concerns with respect to the proposed budget from the Department of the Interior. It has a 16 percent cut in that program, which seems to continue this effort to put another spear in the back of rural America. When you look at the \$308 million cuts and the Department of Agriculture budget for rural economic revitalization, 25 percent of the budget cuts are going on the back of agriculture. It just seems to me that for the sparsely populated parts of rural America, many of them in the Western States, that this is just one of those other spears in the back, and let me be specific.

Secretary NORTON. Senator Salazar, I have to object very strongly to that characterization.

Senator SALAZAR. Hold on, Secretary Norton.

Secretary NORTON. We have considerably stronger funding levels—

Senator SALAZAR. I'm the Senator.

Secretary NORTON [continuing]. Than we've had in the past.

Senator SALAZAR. You just—you answer my question, Okay? Here is the deal: If you look at my State, your State, 57 counties of our State today receive Payment In Lieu of Taxes. We have counties like San Juan and Hinsdale, you know the counties just like I do, and you go to my very Republican county, Hinsdale County, that's probably 95-97 percent owned by the Federal Government, how do you explain to those county commissioners that they are going to see a 16 percent decrease in the Payment In Lieu of Taxes going into that county?

Secretary NORTON. We have a stronger funding level than existed for PILT throughout the 1990's. We have made significant efforts to fund that program even though I have to make a choice between paying for employees of the Department of the Interior and paying for those funds that go outside the Department. Colorado is receiving \$146 million in mineral-leasing payments, which I believe makes it third among the States in the level of mineral-leasing payments. The PILT money for Colorado is about \$17 million in 2006, and the decrease would be about \$3 million. It is very, very small in comparison with the other funds that are coming from the Department of the Interior and going to local governments and to the State government.

Senator SALAZAR. You know, perhaps for large counties with huge revenues, that kind of a cut may not be a huge problem for them, but I will tell you for many of the rural counties which are mostly in Federal ownership, that kind of cut starts affecting their ability to hire law enforcement officers to do the work on the roads, and it creates a very major problem for those counties that are mostly in Federal land ownership when they don't receive some of the other revenues that go through the other counties through oil and gas leasing.

Let me move to another set of questions, and that's with respect to the BLM oil and gas inspection and enforcement. We in this Nation somehow are all contributing to the energy engine that we require to keep our economy and our country strong. I sometimes look at our own State of Colorado, and I see Colorado being the Saudi Arabia, if you will, of the West because we have so much oil and gas drilling activity that is taking place throughout the western slope, and now even out on the eastern plains. And my question to you has to do with respect to the inspections from the Department of the Interior and BLM with respect to oil and gas activities and the functioning of the consolidated office in Glenwood Springs. How is that going, and do you feel like we're doing what we can to address the issues of concern to local land use impacts that I keep hearing about in my office and I'm sure you hear about in yours as well?

Secretary NORTON. I visited our areas in Colorado, Utah and Wyoming, looking at our oil and gas programs, making sure that we had enough in the way of inspections and monitoring. We anticipate that with the funding that we're requesting now, that BLM will be able to conduct nearly 50 percent more inspections than the 17,000 inspections that were conducted in 2005. We are going to be spending more than six times the level spent on monitoring in 2005, so we are very significantly ramping up this program to make sure that we do have adequate monitoring and that that continues for the long run.

Senator SALAZAR. Okay. May I ask you, Madam Secretary, if you would provide me a response also in writing in terms of just the functioning of the Glenwood Springs office and the activity in Colorado with respect to monitoring?

Secretary NORTON. Okay. I would be happy to, Senator.

Senator THOMAS. Thank you, sir.

Senator SALAZAR. Chairman Thomas, I have some other questions, but I will wait. Will there be another round?

Senator THOMAS. There will be another round.

Senator SALAZAR. Okay.

Senator THOMAS. Madam Secretary, a couple of more details. Seven BLM offices have received about \$20 million for the NACT Pilot Program to speed up permitting. Can you provide where do you stand on that in the Department and what's happening to implement those provisions?

Secretary NORTON. We have more people who are now being hired for those pilot offices. I believe there are about 130 people that are to be hired for those pilot offices, and we are well on track for getting that hiring done very quickly.

Senator THOMAS. Well, I hope so. All this delay is not all money. We need to get a little more cooperation among the agencies so that you don't have one agency making the decision and then have another agency come in and have to go over the whole thing again. And I know you're familiar with that, and I hope we can do something. Money you propose is to zero out the BLM Range Improvement Fund and to amend FLIPMA so that grazing receipts are deposited rather than going to improvements. That approach was defeated last year. Why are you bringing it up again?

Secretary NORTON. That is an approach of having funds not to be earmarked for particular purposes, but instead, have that be done through the regular appropriations process. We have provided funding that is not specifically targeted funding or mandatory spending for that.

Senator THOMAS. Well, as you know, there is a feeling that if you pay the leased lands, you kind of like to have some go back into the Range Improvement from those fees. And as I said, it didn't pass last year, so I guess it's a question again. Does the Historic Preservation Act allow use of those funds for national heritage areas?

Secretary NORTON. I'm not sure I follow your question.

Senator THOMAS. The National Historic Preservation Act, does that allow you to use historic preservation funds to pay for heritage areas?

Secretary NORTON. Let me ask John Trezise to respond to that question.

Mr. TREZISE. Senator, as you know, we have a proposal to group together the three historic preservation-related outreach programs that we have: The Save America's Treasures Program, the Heritage Area Program and the Preserve America Program, which provides funding for heritage tourism. So that we have synergy between the programs, we've grouped them together under the Historic Preservation Account. This is a proposal, as part of the appropriations process, to provide authority to use Historic Preservations funds to fund the heritage areas. However, the key purpose is not the funding mechanism, but the programmatic benefits that we think will come from linking the three programs together.

Senator THOMAS. Well, that's good. I guess that was sort of the follow-up to that, what changes should we make in the heritage areas to benefit this management issue. And we've proposed some kinds of changes, some kind of criteria for managed heritage areas so that they do reflect some national need and national benefit.

Secretary NORTON. We think it's beneficial to have the criteria for the heritage areas and do appreciate the move toward legislation that would clarify what we mean by a heritage area. The Preserve America funding and the grants under that are somewhat different. Instead of creating an ongoing Federal involvement in particular areas, we would be providing essentially year-by-year competitive grants that might be smaller amounts for particular areas.

Senator THOMAS. Good. Well, I hope we can work together to make that program be a little bit more efficient. One of the things that over the years has been a high priority for the parks, of course, has been maintenance backlog. For 5 years we've been ad-

addressing the backlog and having funding there; where are we on terms of doing something with backlog?

Secretary NORTON. We have a chart that shows our maintenance backlog funding over time.* We have been working to see that our facilities are in improving condition. The condition of our facilities is the best measure, and we have been working to see that all of them are in an improved condition from the visitor perspective. Our proposal this year will move some funding from the repair and rehabilitation category over to the cyclic maintenance category, and that is to further make sure that we're focusing on preventing little problems from becoming big problems. One of the things we've learned over time is that by addressing problems early, we can avoid some of the bigger expenses that come up.

Senator THOMAS. Where would you say in general terms are we compared to 5 years ago in terms of the backlog?

Secretary NORTON. Let's see.

Mr. TREZISE. Senator Thomas, 5 years ago, we didn't really know what the backlog was. There was much anecdotal evidence about large backlogs of \$5, \$10, \$15 billion, but none of that was based on any kind of systematic evaluation of the condition of the parks. We have put in place a systematic and state-of-the-art system for monitoring and evaluating the condition of parks. The Park Service is in the process and will finish this year a set of comprehensive condition assessments.

Senator THOMAS. So, you aren't prepared to measure the procedure, how much you've advanced over the last several years?

Mr. TREZISE. The baseline is a problem because we don't know where we started, but we believe, based on the work that the Park Service has done, that the condition of its assets overall has improved significantly, particularly with respect to visitor centers and other facilities.

Senator THOMAS. We really need some numbers sometime. Instead of just asking for more money all the time, we need to know what kind of progress we are making.

Secretary NORTON. Senator, we can now tell you that today, our facility condition index for non-road assets is .17 and for paved roads, it is .45.

Senator THOMAS. Compared to?

Secretary NORTON. That's the problem, it's "compared to what," because we didn't use to have those kinds of measures.

Senator THOMAS. I see.

Secretary NORTON. We also have a significant advancement that we anticipate over the next few years because of funding from the highway bill. One of the significant aspects of the backlog is roads.

Senator THOMAS. That's great. I guess my point is that as we look at spending and look at budgets, we also have to look at performance and have to look at what's happening. So, we need to have some reports of what's been accomplished in addition to just requests for more money.

Secretary NORTON. We have undertaken and have completed almost 6,000 facility improvements over the last 5 years. We have many, many projects that have been completed across the country.

*The chart has been retained in committee files.

Senator THOMAS. Let's try and stay in touch on that. Senator Landrieu, are you going to do it again?

Senator LANDRIEU. I am. I have a few more questions. If I could just hand you this map, Madam Secretary, I have some questions. I'm sorry I don't have one for all the members of the committee. One of the most important things this committee's going to decide is whether to open up additional areas in the Gulf of Mexico and under what terms and conditions that will be opened. And this committee is contemplating a markup on a piece of legislation that the chairman has put forward, and that debate will take place next week. If you'll look at the map that I've shaded under Lease Sale 181, which I'm factually referring to as 182 because it has no number, do you have any estimates of the resources that might be available in that section there?

Secretary NORTON. Yes, we do, and we will—

Senator LANDRIEU. Directly south of 181?

Secretary NORTON. We will try to locate that. I know we do have an estimate for that. It's an area that has not had quite the extensive work that the other parts of Lease Sale 181 area have.

Senator LANDRIEU. But do you have a rough estimate for the record this morning about—first of all, we confirmed minerals exist there. We do have an estimate. Do we know what it is?

Secretary NORTON. We do have that. We will provide it for the record, because I know somewhere in these documents, we have that number.

Senator LANDRIEU. Okay, and if we could get that in the next few days, prior to this debate, because this committee is going to do a lot of work in this area trying to identify new possibilities in the gulf for oil and gas leasing and under what terms and conditions.

Secretary NORTON. This is, I believe, from Johnnie Burton's testimony on this legislation. The area south of the original Lease Sale 181—and these are based on the lines that we drew in our 5 year plan, but they're similar resource amounts—is estimated to have 700 million barrels of oil and 3.68 trillion cubic feet of natural gas.

Senator LANDRIEU. So, almost 4 trillion cubic feet of natural gas is in an area just south of the proposed Lease Sale 181?

Secretary NORTON. That's correct.

Senator LANDRIEU. For the record, could you just restate what dollar amounts the interior States, I think starting with the highest State, which is New Mexico, is going to receive this year in terms of the revenue sharing that's on the books?

Secretary NORTON. The highest State is actually Wyoming, which in 2006 is estimated to receive almost \$1.3 billion.

Senator LANDRIEU. So, the State of Wyoming, under their revenue sharing plan that's been on the books for a while, is going to receive \$1.3 billion next year?

Secretary NORTON. Yes.

Senator LANDRIEU. And what about New Mexico?

Secretary NORTON. New Mexico is \$655 million.

Senator LANDRIEU. And what about Colorado?

Secretary NORTON. Colorado is \$157 million.

Senator LANDRIEU. And then in addition to those States, there are also some PILT payments. Although they're being decreased,

there are PILT payments that come from the resource of timber, correct?

Secretary NORTON. The PILT payments are actually from general tax revenues, and they are appropriated based on a very complex formula.

Senator LANDRIEU. Because of Federal land taken out of commerce, correct?

Secretary NORTON. That's correct, yes.

Senator LANDRIEU. But the principle of sharing revenues that would otherwise be lost with States is a similar principle to minerals found.

Secretary NORTON. This is in essence because the local governments cannot levy property taxes against the Federal Government as they would against any other property owner. These are payments in lieu of those property taxes.

Senator LANDRIEU. And are there any payments being received today by Texas or Louisiana or Mississippi or Alabama outside of their State waters?

Secretary NORTON. They are receiving funds for the 8(g) area, which would be the first three miles of Federal waters in which there's revenue sharing.

Senator LANDRIEU. And do you have a record of how much that is per State?

Secretary NORTON. Louisiana received approximately \$2.3 million for 2006. Texas, almost \$8 million.

Senator LANDRIEU. Say that again. Two what?

Secretary NORTON. \$2.3 million.

Senator LANDRIEU. \$2.3 million is what Louisiana would receive relative to the numbers that you just spoke about, the Western States, the \$1.3 billion for Wyoming? Okay. And what is the volume of either a trillion cubic feet of gas or oil produced off the coast of—like off of the two planning regions? Do we have those totals for 2006, the resources themselves, from the central planning and the western planning? What are we estimating in that way?

Secretary NORTON. I don't believe we have those broken down at this point right now. We could provide those for the record.

Senator LANDRIEU. Okay. And Mr. Chairman, as you know, because we've worked together on this issue, this discrepancy between the interior States and the coastal States, basically doing the same thing, offering themselves as platforms for an industry to produce the oil and gas necessary to keep this economy going, really needs to be fixed, and it's long past the time. And so, I'm hoping as we move my colleagues to this debate next week, we will come up with a fairer way to allocate these resources based on the contributions that our interior States and our coastal States are making to the economic security of the Nation, and I'll submit a further statement to the record on that. Thank you.

Senator MURKOWSKI [presiding]. Thank you, Senator Landrieu. Madam Secretary, this committee heard some testimony, I guess it was a couple weeks ago, about the fire situation and talking about the Federal plan to restore the fleet of retardant tankers, looking to retrofit the retired military aircraft. And certainly, this proposal is better than having none. We want to make sure that they're safe and working with you in that. We also learned about the Depart-

ment's plan, in conjunction with the USDA, to procure the new tankers, and I understand that this is a process that could take us potentially 10 to 15 years. And in that hearing, we took a look at the fire prediction or the fire threat for this next year. And from the lower 48 perspective, it doesn't look good. Certainly, from Alaska's perspective, that swath that they're predicting is worse than ever. So, of course we want to know that we are on top of it. Why is it that it takes us—or why is it that we are looking at a 10- to 15-year period in order to have a new tanker fleet?

Secretary NORTON. Our tankers—and especially the smaller tankers that we are talking about as the new, more mobile approach for our system—are ones that are owned by the private sector. This is purchasing that would take place by private companies, and then they would become available for the Federal Government to utilize. We've been working with the companies on these newer generation models.

Senator MURKOWSKI. Is there any way to speed it up?

Secretary NORTON. We believe we have adequate resources that are available this year for addressing our fire situation. We are doing a better job in deploying our aircraft and making sure that we have strategized where the best places are to have our aircraft, other facilities, and other resources located at any particular point in time. The results that we've seen by using these newer aircraft have been very good. We have a minimum of 782 fire aircraft available this season, and 223 of those are exclusive-use contracts including 16 large air tankers.

Senator MURKOWSKI. Let me ask you a question about—and this is not necessarily a budget issue so much as a management issue, and this relates to the Indian Reservation Roads Program within the Bureau of Indian Affairs. The tribes in Alaska have been complaining for years that in an effort to get an inventory, an accurate inventory upon which the funds are released, you basically—it's based on the inventory system. We haven't been able to get an accurate inventory for our Indian Reservation Roads, and so, as a consequence, we don't see the dollars there. I understand that submissions have been made to look at the Alaska roads, but they've been rejected. And I understand that this is not just an Alaska issue, but that other tribes in the lower 48 have also submitted their requests for a new inventory, and those have been rejected. I guess I would just ask you to be aware of this, look into the situation, and let me know what is being done to deal with this situation. It's going to be important to us, and we just can't seem to get that traction that we need to get an updated inventory.

Secretary NORTON. Okay. And thank you for bringing that to my attention. I will look into that.

Senator MURKOWSKI. Just one last thing to put on your list of things to be following, at the Indian Affairs budget hearing a couple weeks ago, I brought up my objections at that time to the proposed elimination of the Johnson-O'Malley Program. I get so many constituents—I met with some this morning—who have expressed great concern about elimination of this program that's been around since 1934. What we've been told is that really the only reason that the Department is suggesting eliminating the program is that you've been unable to collect the data to find out whether or not

it's been working. So, I guess I would suggest that perhaps a better approach to it is to get the data before just eliminating the program. Again, just leaving you with the concerns that we have about elimination of that program.

Secretary NORTON. That may be one aspect of the evaluation of the program, but it primarily is a question of duplication with Department of Education funding. Their Impact Aid Program for Federal and Indian land is expected to provide payments to districts of about \$548 million. They have a very significant program that is similar to our Johnson-O'Malley Program.

Senator MURKOWSKI. Well, what we've been told by the Department of Education is that they don't have a duplicate program. We've got a difference in an approach there, but it's important that you know how important this program is to so many in my State.

Senator Salazar, and then we'll go to Senator Alexander.

Senator SALAZAR. Thank you, Senator Murkowski. Secretary Norton, I want to spend a few minutes with you on the Land and Conservation Fund stateside program. Last year, when the administration suggested that the program be zeroed out, there was a finding by DOI that the results had not been demonstrated. I think that was the language in the report. This year, the Park Service has acknowledged that the stateside grants program indeed delivers excellent results. We went through a battle on the Land and Water Conservation stateside program last year and ultimately were able to restore funding into that program. I will just tell you that I expect we'll go through that same fight again because I think this is a high priority to our Nation as we continue to try to protect and preserve important lands. And I would ask you why it was that given the findings that this was a program that delivered excellent results, that you've come forward with a recommendation that the program be zeroed out.

Secretary NORTON. This is a program that, you know, I personally think is a good program. It is one that is much more capable of being scaled depending on how much funding is available, and it is not something that has significant amounts of full-time employees. It is largely a land acquisition program, so it's something that can be adjusted upward and downward, depending on funding availability much more so than most of our other programs.

Senator SALAZAR. It's a funding priority issue.

Secretary NORTON. It was evaluated by OMB through its PART program. That evaluation has not changed, and so I'm not sure exactly what you're talking about in terms of a change between this year and last year.

Senator SALAZAR. It's actually an acknowledgment that was made by the Park Service of the efficiency of the stateside Land and Water Conservation Program. But let me just say that for me, that's a very important program and, I know, for Senator Alexander, who's been a great leader and defender of the stateside Land and Water Conservation Fund Program, and we're going to continue to work on that issue with you.

Let me move on to another question. Sometimes I disagree with the administration, sometimes I agree with the administration. As I told the President last week, I agreed with his statement that we need to get rid of our addiction on foreign oil, in his State of the

Union, and I look forward very much to working with him and Secretary Bodman and others to get us to that end. I have a question with respect to Lease Sale 181 and the legislation that this committee will be dealing with in a markup next week. And I know it's a controversial issue, not exactly sure how it's going to come out. My question to you is this: I understand from my colleagues that there will be Federal revenue somewhere in excess of \$4 billion that could come from the leasing of Lease Sale 181 and the royalties from that area; would it be, in your mind, worthy of consideration to designate perhaps half of those revenues or a percentage of those revenues into a renewable energy and technology fund? It seems to me that that would be very consistent with what we collectively believe, Republicans and Democrats, we need to do that to get our way to energy independence by investing more in technology and more in renewable energy.

Secretary NORTON. The offshore revenues are ones that, first of all, need to have new areas of development in order to maintain a constant level. The decline in natural gas production, especially in the Gulf of Mexico, is very steep. When we have a new well that comes online, it produces a lot for a fairly short amount of time and then declines. Just to maintain the current levels of natural gas production we have from the Gulf of Mexico, we need to have new areas. The revenue projections from this area, from which we do anticipate significant amounts from a lease sale, would be within about the same budget amounts that we would anticipate, essentially what the Federal Government is already projecting.

Senator SALAZAR. And I'm certain before we get to our hearing next week that we'll have more information on what those projections are. I would appreciate you sharing those revenue projections with me, but also with the committee, because I think that's one of the things that we're going to be grappling with in terms of how we ultimately decide to vote on Senator Domenici's and Senator Bingaman's proposal.

Secretary NORTON. Well, I do know that there are a lot of discussions taking place about those revenues and certainly, revenue sharing with the States has been a very significant aspect of those discussions as well. We'd be happy to provide the revenue projections for you.

Senator SALAZAR. I'll just conclude with this comment. The President visited the National Renewable Energy Lab in Colorado 10 days ago or so, and I think he was very impressed with the technology development that's going on at NREL and how we end up deploying that research and technology out into the private market. And creating incentives is, I think, one of the challenges that we face in our Nation and that we are going to face as an energy committee, that you face as the Secretary of the Interior. So, I hope to be able to work with you on that agenda in the future, and I appreciate your participation in the committee hearing this morning.

Secretary NORTON. Thank you.

Senator ALEXANDER. Thank you, Senator Salazar. Madam Secretary, I'm all that's standing between you and lunch, so I welcome the opportunity to ask you a few questions, but I'll try to keep them brief. Do you have further questions, Senator Salazar, that you'd like to ask?

Senator SALAZAR. I do have one or two more questions.

Senator ALEXANDER. Okay. Well, let me go ahead with these, and then we'll go back to Senator Salazar. Let me make sure I understand what you said about the revenues from Lease 181. Say that again. How much money is there going to be, or did you say that you were going to—what did you say? I didn't quite understand it.

Secretary NORTON. There would be two sources of revenue from that. One would be bonus bids from a lease sale. I don't know if we have a projection for those amounts, but they would probably be fairly significant amounts. The second is the ongoing revenue from royalties that—

Senator ALEXANDER. Which would be on down the road a little bit.

Secretary NORTON. On down the road, yes.

Senator ALEXANDER. But you would expect significant new revenues from bonus bids?

Secretary NORTON. Yes, we leased an area that—it was a smaller part of the original Lease Sale 181 and received, I believe, about \$340 million in bonus bids from that area, so I know there is significant interest. We would anticipate similarly high bonus bids in this area.

Senator ALEXANDER. Thank you. I have three or four areas that I want to touch briefly. And if I don't get finished, I'll go to Senator Salazar, then come back for the last of it. Let me go to the first one, which is the difficult issue of the so-called Road to Nowhere in the Great Smoky Mountain National Park. And the reason I'm going to bring it up is not because I think you can resolve it today or tomorrow, but just to remind us all that the Federal Government does have a commitment to Swain County, North Carolina. But since 1946, the Supreme Court has said that the Federal Government doesn't have to build a road to fulfill that commitment, and the Supreme Court said in a lawsuit on that very question that a common-sense adjustment would be appropriate. And that's been the case for 40 years now, and no common-sense adjustment has been made. I think it's time that we go ahead and come to some conclusion about this. The National Park Service is in the middle of collecting comments about it.

I know there's disagreement from elected officials, but I just wanted to emphasize that the Great Smokies are different than any other park in several ways, but one way is that it's the only park that was given to the United States by the people of Tennessee and North Carolina in the two States. And the Governors of both States that gave the land for the park have said they endorse the idea of a cash settlement to Swain County, and they're opposed to the idea of a \$600 million road through the Great Smoky Mountain National Park. The Swain County elected officials have said they endorse the idea of a settlement. Senator Frist and I both are for a settlement and opposed to the road. It seems to me it's entirely impractical to even imagine that there could possibly be a \$600 million road through the Great Smoky Mountain National Park for, among other reasons, that it is 75 times the annual roads budget for the Great Smoky Mountain Park and three times the amount of the roads budget for the entire National Park Service.

So, it would be my hope that we could recognize that it would be a waste of money, and unnecessary because there's a good road right on the other side of the water connecting the same points, and an environmental disaster if we did it. I would hope that over the next few months that maybe you could become a Henry Kissinger-type diplomat and bring this to some sort of conclusion. And I think the conclusion should not be to build any road. Even a short road costs \$100 million, which is half the entire budget of the National Park Service for roads. So, I think a settlement with Swain County, which the elected officials say they want, the Governors of both States say they want—those are the parties to the agreement. The Federal Government really has less of an interest in this than the States and the local governments do in this unique situation. I wondered if you had any comment on that.

Secretary NORTON. I recognize there are strongly-held views on both sides of this issue. The Park Service is expecting to close its comment periods this month on its environmental analysis. I would hope that the delegations of Tennessee and North Carolina could find a unified position on this issue.

Senator ALEXANDER. Well, I'm sure you would hope that, but I just want to emphasize that in this case, the States that gave the park to the country, the Governors of those States and the elected officials of the county to which the obligations is owed say that the settlement is the better conclusion.

Senator Salazar, do you have additional questions you'd like to ask?

Senator SALAZAR. I do. Senator Alexander, thank you very much.

Secretary Norton, this is a question related to the proposed changes and policies for the management of the National Park Service. It seems that for a hundred years the National Park Service has abided by the principle of do no harm, and the protection of the park resources has been essentially the value that has superseded all other values with respect to the national treasures of our country. The proposed revisions, which are now out for comment, I believe, by the National Park Service, from the point of many of us, from our perspective, it would take a retreat from that long-standing doctrine of protecting our national parks, and I would ask you if you would want to comment on the justification for moving forward with the proposed changes in the National Park Service's management policies.

Secretary NORTON. The policies that are currently being considered are ones that were formulated with the involvement of a hundred career employees of the National Park Service. They are going through a continuing process, and we believe reach the right point in saying we have the dual missions of the Park Service, which have always been both preservation and enjoyment, and we think those are goals that are achieved under these policies. We look forward to having continuing input on exactly the way in which those policies meet those goals.

Senator SALAZAR. Can you give the committee a sense of timing with respect to how the Department of the Interior and the National Park Service intend to move forward to conclusion of the new proposed rule?

Secretary NORTON. We've just recently concluded the comment period, which was 120 days. The Park Service is going to be analyzing those comments. And then, these policies will be reviewed by the National Leadership Council, which are the leaders, the regional directors and other senior officials within the Park Service and also by the National Park Service Advisory Board, and then there will be a service-wide review before the release of a proposed final draft. There's a very extensive process continuing of review of those policies.

Senator SALAZAR. Do you have a sense of how long it's going to take to go through those various levels of review?

Secretary NORTON. I'd say that's another 6 months or so probably.

Senator SALAZAR. Okay. I would ask you, Madam Secretary, to keep me informed, and I'm certain that members of this committee, as well as the Subcommittee on National Parks, would be very interested in getting information.

Secretary NORTON. We've certainly planned a very open process with a lot of input in that process, and we'd certainly look forward to working with you all on that.

Senator SALAZAR. Okay. Well, I appreciate that very much and also look forward to a summary of the comments that you've received, I'm sure, from throughout the Nation on this very important issue. I will tell you it is one issue that I will be watching carefully and hopefully getting us as a Nation to reach the right result in terms of the protection of our crown jewels in America. Mr. Chairman, I think that's all the questions I have.

Senator ALEXANDER [presiding]. Thank you, Senator Salazar. While you're still here, let me pick up on two of the areas that you talked about. One is the Land and Water Conservation Fund. In Tennessee, we very strongly support the State side of the Land and Water Conservation Fund. We have a lot of rapidly developing open space around the Great Smoky Mountain National Park that the citizens of our State and the Governor and the legislature would like to acquire to provide a buffer zone for the park. That would be the view of virtually everybody in our highly Republican area there. I'm a strong supporter of it and was, as we've discussed before, Chairman of President Reagan's Commission on the American Outdoors in 1986, which recommended that we set aside a billion of offshore drilling in a mandatory way so that we could fully fund the Federal and the State side of Land and Water Conservation Fund.

Now, insofar as Lease 181—and I'll be working with Senator Salazar to try to see if we can restore some of the funding for the State side of Atlanta water, but as far as Lease 181, before we get to spending all that money for other good purposes, I think it's important to recognize that we already have in the law provisions that say that the Land and Water Conservation Fund is supposed to be funded from revenues from leasing of the Outer Continental Shelf. Now, it's not mandatory. It has to be appropriated every year, but it would seem to me that before we start spending new revenues for other purposes, that we ought to recognize the existence of a conservation royalty and spend some of that money to properly fund the Federal Land and Water Conservation Fund.

Now, the other area you mentioned, Senator, and I want to ask the Secretary about this, the concern about the management policy of the National Park Service is not just a concern on the Democratic side. I wrote a letter with six other Republican Senators in October to the Secretary expressing concern about it. The whole process got off to a terrible beginning. If it'd been at the Grand Ole Opry, it would have been a warm-up act, it would have emptied the house. And Fran Mainella has worked very hard, and the professional staff there has worked very hard to explain the process to those of us who are concerned, and I respect that, and I respect the efforts, and I appreciate the time they've put into it, but because it got off to such a bad start, it's making us more skeptical about it.

And Madam Secretary, you said something I want to make sure you said, that there's the dual mission of conservation and enjoyment. That's not what the Organic Law says. The Organic Law says that when there's a conflict between conserving resources and values and providing for enjoyment of them, conservation is to be the predominant. That's been the law since 1916.

Secretary NORTON. No, sir. If I can—

Senator ALEXANDER. You didn't mean to lower the status of conservation in your statement, did you?

Secretary NORTON. May I quote for you the exact language of the statute? "To conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations."

Senator ALEXANDER. But don't you agree that since 1916, that's always been interpreted to mean that where there is a conflict between conservation and enjoyment, that conservation has been the predominant value?

Secretary NORTON. That is a much more recent interpretation than 1916.

Senator ALEXANDER. Well, then we have a big difference of opinion about the management policies because it has been my—maybe this is a subject that we ought to have another discussion about. You don't agree with that?

Secretary NORTON. Senator, perhaps I can clarify. What we are talking about is making sure that we are preserving things and not impairing for future generations, but not every decision is going to be one that will always put preservation as the only thing that really matters, because otherwise, we would close our parks and not let people come in. We have to make sure that we are both providing for current and future enjoyment, as well as having conservation of those resources.

Now, on a practical level, I think that there is a great deal of agreement, and we have managed our parks in a way that has a huge amount of protection for our resources. Our park policies are written by people who care so tremendously and so deeply about their parks, and our park policies put in the hands of the park superintendents the important decisions about the management of resources. You can't find a group of people that are more committed to protection of their parks than our career park employees. That's the basis for our management policies.

Senator ALEXANDER. Well, I agree with you about the personnel, and I agree with you about practicality and of the hundreds of park areas, many are different and should be treated differently. Some places are wilderness areas, and some places have snowmobiles, and I understand that. That's all practical. But it has been my view that since 1916 and the Organic Act, that the management policies of the National Park Service have unambiguously provided that the conservation of park resources is the National Park Service's primary purpose. That doesn't mean there's no other purpose to be served, but if one had to say what is the primary purpose of the National Park Service, the predominant purpose, I've always thought it was conservation of park resources.

Secretary NORTON. A key part of the mission is conserving those resources and providing for their enjoyment to make sure that those resources are conserved for the long term. I think we're saying basically the same thing.

Senator ALEXANDER. Well, I'm not sure that we are, with all respect, because that's the fundamental issue in the management policies. The first question is why we even need a review of management policies this quickly, and the second—really, almost all of the issues that have—almost all the concerns I have have to do with the rewriting of the management policies, and it come down to whether it's still true that conservation is the predominant purpose of the National Park Service. And if that's not true, then I imagine it would be very difficult for park managers all throughout the country to have a clear understanding of what their priorities ought to be.

Senator SALAZAR. Senator Alexander?

Senator ALEXANDER. Yes, sir.

Senator SALAZAR. If I may, you know, I very much agree with your perspective, and in my own reading of the 1916 Organic Act, I think it's very clear that that was the mission that was given to the Park Service, and I think that that's why we've had this doctrine of do no harm, which has become a guiding principle to all park employees. So, I agree with your interpretation of what the doctrine is for our National Park System.

And that's why I think you have heard, Secretary Norton, with all due respect, such a great concern that has been raised among Republicans and Democrats and everyone else about what we believe is a diminution and change in the standard that applies to the National Park Service. And so, that's why this, as you move forward to the final rule, is something which I think a lot of us have question marks about.

Secretary NORTON. We believe very strongly in the protection of our National Park system and in making sure that that is an enduring system for the long-term future of this country. Within that, some of the day-to-day decisions are difficult ones that need to be weighed and balanced by local park managers. And we've gone through an extensive process of involving those park managers and the very experienced regional directors that we have to try to provide guidance. We have, within these new policies, taken into account things like Homeland Security, things like my approach in believing that we should involve local communities and work with cooperative conservation, that we ought to be reaching out and

having input from a variety of different people as we make our decisions. And those things are reflected in our policies, and we look forward to input as we bring those policies into their final stages.

Senator ALEXANDER. Senator Thomas is planning another hearing in his subcommittee on these policies, and I'm looking forward to that hearing. For example, if—not to belabor this, but if Homeland Security is equal to conservation, then you could build a row of cell towers right across the Great Smoky Mountain National Park. If conservation is predominant, you'd look for different ways to deal with that, or you'd disguise the cell towers so they couldn't be seen. So, whether the predominant goal is conservation is a very important decision to me in any event, and that's a subject that we can discuss at the hearing. And as I said, I do appreciate the work Fran Mainella and her team have been doing. They've been diligent about keeping us informed about the process they're going through, and I'm hopeful that the result will be a good one.

Do you have other questions, Senator Salazar, before we adjourn the hearing?

Senator SALAZAR. Thank you, Senator Alexander.

Senator ALEXANDER. Madam Secretary, thank you for coming, and thank you for staying such a long time. We appreciate your appearance very much.

Secretary NORTON. Thank you.

[Whereupon, at 11:40 a.m., the hearing was adjourned.]

APPENDIXES

APPENDIX I

Responses to Additional Questions

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM
SENATOR DOMENICI

BUREAU OF LAND MANAGEMENT

OIL SHALE

Question 1. You are aware of my interest in oil shale and making sure we have programs in place that will give every opportunity for developing this vast American resource. I appreciate that you have seen fit to increase funding by \$3.3 million in your request.

Can you discuss what the Department is doing with respect to oil shale?

Answer. Prior to the EPAct 2005, the BLM initiated an Oil Shale Research, Development and Demonstration (R,D&D) program. The R,D&D program allows small tracts to be leased for oil shale research, development and demonstration, pursuant to BLM's authority to lease Federal lands for oil shale development under section 21 of the Mineral Leasing Act, 30 U.S.C. 241. Following announcement of the R,D&D program in the Federal Register on June 9, 2005, the BLM received 20 nominations. On January 17, 2006, 8 nominations were selected for further consideration and evaluation. On March 23, 2006, two nominations were eliminated from further consideration. Following further evaluation and NEPA analysis of the remaining nominations, R,D&D lease issuance is anticipated to begin in the summer of 2006.

Congress directed that the Secretary complete a Programmatic EIS (PEIS), the purpose of which is to analyze impacts of a commercial leasing program for oil shale and tar sands resources on public lands, with an emphasis on the most geologically prospective lands in Colorado, Utah, and Wyoming. The *Oil Shale and Tar Sands Resource Leasing PEIS* currently being developed meets this mandate. The BLM published a notice of intent for a PEIS for commercial oil shale leasing in the December 13, 2005 Federal Register. We have already completed public scoping meetings, and established a PEIS website.

Upon completion of the PEIS, the Secretary has been directed to publish final regulations establishing the commercial oil shale and tar sands leasing programs. The Bureau of Land Management is in the preliminary stages of development of the regulatory framework for commercial oil shale and tar sands leasing program.

Question 2. What kind of response have you received from industry?

Answer. The response from industry has been positive, indicating a significant interest in obtaining commercial oil shale leases. As discussed in the response to question 1, there were 20 proposals submitted to the BLM's June 9, 2005, Federal Register Notice seeking oil shale Research, Development, and Demonstration lease proposals.

PAYMENTS IN LIEU OF TAXES

Question 3. I'm disappointed in the cut proposed in this year's PILT request. Let's not forget that just as budgets are tight here in Washington, they are also tight in rural America. As long as there are federal lands in these counties, this nation has an obligation to provide local governments funding for the important role they play in providing public services on lands they do not own and over which they cannot levy property taxes.

Why does the Department propose reductions in PILT, please tell me what your thinking is here?

Answer. The 2007 budget proposes \$198.0 million for the Payments in Lieu of Taxes program. Although this is \$34.5 million below the 2006 record high level, it is well above historical funding levels. In FY 2000, PILT was funded at just under \$134 million. Our proposed FY 2007 level represents about a 47% increase over that amount. As part of the President's effort to reduce the budget deficit by half over five years, the 2007 budget for the Department makes difficult choices, and this was one of them.

Question 4. Does this represent a change in commitment to counties that over time we can anticipate the administration to further reduce PILT funding?

Answer. No. While I cannot commit the administration with regard to future budgets, I can assure you that the administration continues to be committed to the program, as evidenced by the funding level proposed in the FY 2007 budget.

LEGISLATIVE PROPOSALS

Question 5. Your budget request includes a number of legislative proposals that would affect spending levels in future years. These proposals to remove or change the mandatory funding for:

- the BLM project office program established in the Energy Bill to address drilling permits;
- the range improvement program that has been funded from grazing receipts for 30 years; and
- conservation programs provided through the sale of federal land suitable for disposal.

Your Department has proposed to amend these laws to make treatment of these funds a discretionary rather than mandatory matter. I believe the availability of these funds is essential to maintaining a solid foundation for management of public lands.

What is your thinking here?

Answer. With regard to the BLM project office program, the administration's proposal is to replace the mandatory funding provided by the Energy Policy Act with cost recovery from APD processing fees effective at the end of 2007. The administration will be requesting authority to conduct a rulemaking to phase in full cost recovery for APDs, beginning with a fee amount that will generate an estimated \$20 million, replacing the amount provided by the Energy Policy Act. This proposed increased reliance on cost recovery is consistent with the findings of previous Inspector General reports and the 2005 PART review of this program, which found that the program does not adequately charge identifiable users for costs incurred on their behalf.

With regard to the range improvement program, the budget for BLM proposes to discontinue mandatory appropriations from the Range Improvement Fund totaling \$10.0 million annually. Instead, revenues will be deposited to the U.S. Treasury. The BLM's new grazing rule will allow permittees to share title to certain range improvements. Therefore, this will encourage permittees to bear more of the cost of these improvements in the future.

Finally, the proposed FY 2007 budget proposes changes to the Federal Lands Transaction Facilitation Act (FLTFA). The administration will propose legislation to amend BLM's land sale authority under the FLTFA. The legislation will both expand the public lands available for disposal under FLTFA and change the distribution of the proceeds of those sales. Under the Act, BLM is currently limited to selling lands identified for disposal in land-use plans that were in effect prior to the enactment of FLTFA, and makes the proceeds available for the acquisition of other non-Federal lands within specially-designated areas such as national parks, refuges, and monuments. The 2007 budget proposes to amend FLTFA to: allow BLM to use updated management plans to identify areas suitable for disposal; allow a portion of the receipts to be used by BLM for restoration projects; return 70 percent of the net proceeds from the sales to the Treasury; and cap receipt retention by the Department at \$60 million per year. This proposal will minimize the amount of Federal spending not subject to regular oversight through the appropriations process and will ensure that taxpayers directly benefit from these land sales.

Question 6. My concern is the effect of eliminating the availability of the funds during times of lean budgets. How would this be good for the resource you are trying to manage?

Answer. As described above, with regard to the permit office program, we expect appropriate user fees will take the place of mandatory funding and result in no less-

ening of availability of funds and, with regard to the Range Improvement Fund, that permittees will be induced to invest in range improvement projects. With regard to FLTFA, the proposed amendments would allow BLM to use a portion of the sale proceeds to fund resource restoration projects, which FLTFA currently does not allow.

MINERALS MANAGEMENT SERVICE

EPACT IMPLEMENTATION

Question 7. In the Energy Policy Act of 2005, we established a Coastal Impact Assistance Program that provides \$1 billion to coastal states over a period of four years.

The Department's FY 2007 budget request states that MMS will continue to develop program guidelines begun in 2006 to apply a formula to disburse this money to coastal states.

Please comment on the status of these guidelines.

Answer. MMS recently sent draft guidelines for the Coastal Impact Assistance Program (CIAP) to the States of Alaska, California, Texas, Louisiana, Mississippi, and Alabama. MMS will work with each State and evaluate the written consolidated State responses before developing final CIAP guidelines. We project that the final guidelines will be made available by the fall of 2006. As directed under the Energy Policy Act of 2005, the Governors of each State will carry out a public consultation process to elicit the view of their citizens. This input will be critical to the development of priorities and the use of the CIAP funds to be included in the State's Coastal Impact Assistance Plan.

ROYALTY PAYMENTS

Question 8. What steps has the Department of the Interior taken to ensure that the Federal Government is receiving all payments of royalties due under all applicable federal laws?

Answer. The Minerals Management Service (MMS), through its office of Minerals Revenue Management, ensures that revenue from Federal and Indian mineral leases is effectively, efficiently, and accurately collected, accounted for, and disbursed to recipients by routinely performing compliance reviews and audits. Compliance reviews are designed to determine if the royalties received are in reasonable compliance with the laws, lease terms, and regulations. For royalties paid in-value, compliance reviews apply a series of tests to the volume, royalty rate, value, and allowances to determine if the royalty payment is reasonable on a property basis. For royalties received in-kind, MMS applies a series of tests designed to assure that it has received the proper royalty volume for the contract.

The MMS, States, and Tribes, also perform audits, in accordance with the Generally Accepted Government Auditing Standards. Audits are performed on specifically targeted companies or properties, many times resulting from a compliance review. In addition, MMS randomly selects companies targeted for audit. Audits can also include gas plants, transportation systems, and issue-based audits.

The MMS will continue to aggressively pursue its mission of providing for the timely and accurate collection, distribution, accounting for, and auditing of revenues owed by holders of mineral leases on Federal onshore, offshore, and Indian lands.

OCS AREA 181

Question 9. I am concerned about a news report from March 1, 2006 that suggested that the Department believed that the timetable for leasing in 181 under S. 2253 would be the same as under the 5-year plan.

Please clarify the difference in size of the area in 181 offered under S. 2253 versus the area offered under the draft proposed plan.

Answer. S. 2253 would make 3.6 million acres available for lease. Under the bill, leasing in the area east of the Military Mission Line, an area of approximately 725,000 acres, would be subject to the agreement and approval of the Secretary of Defense. Under the Draft Proposed Program (DPP) for 2007-2012, the additional area that would be available for leasing is approximately 2 million acres. The 1.5 million acres of the original Sale 181 area that was already offered for leasing under the current 2002-2007 5-year program would continue to be available under both proposals. Both S. 2253 and the DPP proposal maintain a 100 mile buffer zone along the Florida coast.

Question 10. Most importantly, please clarify whether the Department intends to comply with a maximum one-year statutory deadline to lease the 181 area when Congress passes S. 2253.

Answer. If enacted, MMS will move forward with implementation in the time frames established under the bill.

Question 11. Finally, what is the earliest possible timeframe that the Department could offer parts of 181 without this 1-year requirement and what is the latest possible timeframe?

Answer. The Draft Proposed Program for 2007-2012 proposes a sale in the 181 area in the fall of 2007.

OUTER CONTINENTAL SHELF

Question 12. MMS requests \$159.4 million in 2007 for OCS program activities, a net increase of \$10.6 million above the 2006 enacted budget.

Please comment on the factors that necessitate this increase.

Answer. The net increase in OCS program activity funding includes an increase of \$7.6 million to implement the Energy Policy Act, including \$6.5 million to establish a comprehensive program to manage new and innovative alternative energy projects on the OCS and \$1.0 million towards a coordinated Departmental effort to accelerate research, resource modeling, assessment, and characterization of gas hydrates in the Gulf of Mexico and North Slope of Alaska. The budget also includes \$2.1 million to fund helicopter contract increases associated with transporting inspectors to offshore oil and gas facilities at greater distances. The increase will also allow MMS to keep abreast of the innovative developments and environmental concerns in deepwater technology. The MMS also proposes a \$1.5 million OCS lease sales initiative to prepare NEPA analyses necessary for the Gulf of Mexico and Alaska.

Question 13. Please comment on what lessons the Department learned in the aftermath of Hurricanes Katrina and Rita with respect to operations on the OCS.

Answer. Hurricanes Katrina and Rita confirmed that our offshore oil and gas industry produces environmentally safe energy for America. Even in the face of two back-to-back major hurricanes, there was no significant spill from production wells.

In addition, the Katrina/Rita scenario confirmed that our domestic offshore oil and gas resources are key components in the energy mix which provide some of the basic necessities Americans have come to expect gasoline for our cars, heating fuel for our homes, and natural gas to cook our meals, power our factories, and generate the electricity that is critical to our way of life and critical to powering our advanced economy.

As a result of the hurricanes, damage reports post-Rita have highlighted a problem with Mobile Offshore Drilling Units (MODU). Nineteen MODUs broke loose from their moorings and were set adrift, some causing damage to pipelines as anchors dragged along the ocean floor. Last November, the Department hosted a Conference on Mobile Offshore Drilling Units with other Federal agencies and industry to address MODUs and lessons learned. As a result of the conference, there is a strong commitment from both industry and the Federal government to continue to take short-term and long-term steps to improve the building of MODUs.

U.S. BUREAU OF RECLAMATION

INDIAN WATER RIGHTS SETTLEMENTS

Question 14. Un-adjudicated Indian water rights claims in the western United States are a great source of uncertainty and are, in my view, the greatest impediment to effective water management. I have contacted you repeatedly regarding Indian water rights settlements and their great importance to the Reclamation States. As you are aware, there are three settlements that are near completion in New Mexico. These include the Aamodt, Abeyta and Navajo settlements.

I am concerned that such a small amount of money was included in the President's proposed budget to fund Indian participation in the settlements. Many Indian nations rely heavily on Bureau and Indian Affairs 340 and 344 monies to participate in settlement negotiations.

Acquiring water in the Rio Grande Basin is required for both the *Abeyta* and *Aamodt* settlements. Have you made any progress in either identifying or acquiring water to fulfill the terms these two settlements? If not, why? What is the status of the money that has been appropriated for water acquisition to date?

Answer. A number of possible sources for water have been explored for fulfilling the needs of these two settlements. One option that is under consideration would be using the unallocated water from the San Juan Chama project for these settlements. The feasibility of this option, and others, is still being explored. Appropriated funds continue to be used to provide technical support for the settlement negotiations.

Question 15. In general, what progress have you made with respect to the Aamodt, Abeyta, and Navajo settlements?

Answer. Since the San Juan River settlement agreement was signed in 2005 by the Navajo Nation and the State of New Mexico, without Federal agreement, Departmental staff has worked with the parties to identify potential Federal issues with the settlement agreement and proposed Federal legislation. The Pueblos and non-Federal parties for both the *Aamodt* and the *Abeyta* settlements plan to have signed settlements in the coming year. The administration believes that the Federal contribution proposed by the parties to these settlements is excessive.

Question 16. How do you anticipate that the Indian nations will represent their interests in settlement negotiations with the small amount of money you have proposed for the 340 and 344 accounts?

Answer. Last year, the Bureau of Indian Affairs issued guidance for preparing water program funding requests and refined the process under which it prioritizes the approximately 400 funding requests it receives annually for water program money. Our goal is to continue to support the highest priority activities while eliminating funding for duplicate work that the Bureau or other agencies have already accomplished and administrative overhead costs, which should not be a Federal responsibility.

Question 17. How do you plan to secure a commitment from OMB that a reasonable federal contribution will be made available for Indian water rights settlements?

Answer. The administration remains committed to the longstanding policy guidance on Indian water settlements, found at 55 Fed. Reg. 9223 (1990), *Criteria and Procedures for the Participation of the Federal Government in Negotiations for the Settlement of Indian Water Rights Claims* ("Criteria"). Since the Criteria were adopted, the Executive Branch's policy has been, where possible, to support negotiated settlements between Indian water rights claimants, the Federal Government, and third-party claimants. The Federal Government also has specific responsibilities to ensure that such settlements meet the Government's responsibility to the tribe or tribes, and are fair to the entire taxpaying public. To this end, the Criteria provide guidance on the appropriate level of Federal contribution to settlements, incorporating consideration of calculable legal exposure plus costs related to Federal trust or programmatic responsibilities.

As contemplated by the Criteria, consultations among the Department of the Interior, the Department of Justice and the Office of Management and Budget are ongoing. The administration will continue to work with affected parties and members of Congress to reach an appropriate resolution of settlement claims. As in past settlements, once a settlement has been agreed to and ratified by the Congress, the normal practice is to propose funding in the next budget cycle.

ISLETA SETTLEMENT

Question 18. The administration has entered into a Settlement Agreement with Pueblo of Isleta regarding the Department of the Interior's alleged mismanagement of the Pueblo's lands and natural resources. While the Settlement Agreement was signed by the Department of Justice, your solicitor expressed your Department's support of the settlement in a letter.

The Settlement Agreement calls for a payment to the Pueblo from the Permanent and Indefinite Appropriations for Judgments as well as a payment from Congressional appropriations through the Department of the Interior. Despite agreeing to this division of funding, your FY2007 budget request includes no money to implement the Settlement Agreement.

How many Settlement Agreements has your solicitor supported that require Congressional appropriations through the Department of the Interior?

Answer. The Department does not maintain a database that enables us to answer this question precisely. Frequently, in settlements of Indian land or water rights cases, there is an understanding that the funding for parts of those settlements will come through the Department of the Interior's budget.

Question 19. Why have you allowed your solicitor to support a settlement that you have not budgeted for?

Answer. The July 12, 2005 settlement states that it is "contingent upon ratification and approval by an Act of Congress and upon subsequent appropriation and payment to the Pueblo of the funds provided for in Section IV . . .". It further states in Section IV that it is the Pueblo that will seek both the legislation authorizing the settlement and the legislation appropriating the necessary funds. The settlement process, in addition to addressing litigation settlement, also created an opportunity for the Pueblo and the Federal government to address certain program goals. Recognizing that the latter required the Pueblo's exploration of the normal budg-

eting process, the agreement gave the Pueblo through 2005 to seek Congressional ratification of their desired agreement. Congress has not enacted any legislation ratifying the settlement. It is not the practice of the Department to request funding for settlements that are subject to Congressional ratification that have not received that ratification.

Question 20. Do you have plans to budget for this settlement, or any portion thereof, in FY2008?

Answer. Since Congress did not ratify the settlement proposed by the Pueblo of Isleta, litigation has resumed in this issue and negotiations are underway. At this point, although we continue to evaluate possible program funding with the appropriate offices, it is too early to tell whether we will even have a viable settlement to budget for in FY 2008.

Question 21. What FY2006 monies, or FY2007 requested monies, could be reprogrammed to support the settlement agreement your solicitor agreed to?

Answer. Please see the answers to questions 19 and 20 above. Any potential agreement does not contemplate FY 2006 or FY 2007 money.

NATIONAL RESEARCH COUNCIL REPORT ON THE USBR

Question 22. As you are aware, the National Research Council, an arm of the National Academy of Sciences recently issued a far-reaching report on the USBR. The report contains assessments on human resources, stakeholder relations, outsourcing, policies, and management. The role of the USBR as a builder of large impoundments is largely over. We now need to focus more on maintaining existing infrastructure and reaching resolution among various stakeholders. I anticipate that we will schedule a hearing on this report late this spring.

How do you plan to implement the recommendations contained in this report? Is this something that you can believe can be done administratively or do you need legislation to implement the findings of the report?

Answer. Each of the recommendations contained in the NRC's report is addressed in the Managing for Excellence Action Plan that Reclamation published in February 2006. The Action Plan is available at <http://www.usbr.gov/report/merweb.pdf>. The Action Plan was prepared on the basis of crucial input from employees, customers, and other stakeholders in Reclamation's program. It outlines a process and timeframe for identifying and addressing the 21st century challenges Reclamation faces. More extensive input will be sought and considered during the course of implementing the 41 individual action items contained in the Action Plan. Reclamation is in the process of putting together internal and external teams to identify and implement needed managerial and operational improvements that will enable each action item to be accomplished. While Reclamation does not currently contemplate the need for implementing legislation, it is possible that such a need will be identified later by the teams or groups that are assigned to accomplish the individual action items in the Action Plan. We will keep the Committee informed of our progress towards meeting the benchmarks identified in the Action Plan.

Question 23. What activities currently undertaken by the USBR do you believe could be outsourced? Do you believe that greater outsourcing by the USBR would result in cost savings to USBR customers?

Answer. The Action Plan includes, on page 15, eight action items that specifically assess how an appropriate mix of in-house capability versus competitive sourcing can be achieved. One of these action items is to analyze the unit-to-unit costs of in-house performance of commercial workload versus competitive sourcing. Competitive sourcing would be appropriate where it would result in cost savings while also being consistent with the significant Federal risk management responsibility associated with Reclamation's large and complex facilities. Nevertheless, the Action Plan recognizes the need for Reclamation to maintain the appropriate level of core capability it needs to fulfill its mission responsibilities and provide optimum value to its customers.

Question 24. A common complaint I hear from my constituents is that the USBR often charges far more than the private sector for comparable services. Why do you believe that this is the case? What have you found when benchmarking against the private sector?

Answer. It is difficult to benchmark against the private sector for the full suite of services that Reclamation provides. One factor in Reclamation's construction costs is the design standards the agency has established. These standards were developed to address not only physical engineering concerns, but also the significant federal risk management responsibility associated with the management of critical infrastructure. These high design standards have associated costs. An analysis of whether these heightened costs are necessary in all of the construction and O&M activi-

ties performed by Reclamation and its customers will be part of the *Managing for Excellence* Action Plan.

Question 25. Do you believe that the report will result in meaningful reforms within the USBR? If so, what changes?

Answer. Reclamation is committed to a thorough evaluation under the Action Plan and the change that will come from it. The Department sees this as a significant opportunity to position Reclamation for excellence in managing its future as a citizen-centered agency that delivers optimum value to its stakeholders. The benchmarks that the Action Plan identifies to guide Reclamation's reform process include:

- Improvement of the management and leadership processes, applications, responsibilities, and outcomes in all Reclamation activities to effectively respond to future needs and challenges;
- The attainment of a synergistic balance of centralized policy development and decentralized operations;
- The definition of Reclamation's stewardship responsibility as the owner of Federal facilities; and
- Application of Secretary Norton's 4 Cs philosophy (conservation through communication, consultation, and cooperation) to help multiple stakeholders combine perspectives in problem-solving efforts.

2003 BIOLOGICAL OPINION FLOW REQUIREMENTS

Question 26. The water forecast for the Rio Grande Basin this year is bleak. The snow packs in the basin are at 30 percent of average for this time of year. The USBR is tasked with providing minimum flow requirements in order to comply with the Fish and Wildlife Service 2003 Biological Opinion. Some have speculated that, if this drought continues, the USBR may have difficulty meeting this obligation.

In light of potential water shortages, how will the USBR meet these obligations with the decreased budget proposed by the administration, particularly when the cost of water may increase significantly?

Answer. Reclamation will continue to meet the requirements of the biological opinion with the funds provided. Reclamation will adjust priorities and seek to re-program money, if necessary, and where practicable to meet the biological opinion requirements.

Question 27. San Juan Chama Project water cannot be used for meeting the requirements of the ESA unless it is acquired by a "willing seller or lessor". If water cannot be acquired from project contractors, where do you anticipate you will get the water to meet the requirements of the ESA?

Answer. We do not believe that this will be a problem as we continue to acquire water from willing sellers. In addition, the City of Albuquerque has offered to make additional water available to us which will further the management of river flows to meet the needs of all Middle Rio Grande water users, including endangered species.

Question 28. In general, what are you doing to address this potential problem?

Answer. As noted above, we do not anticipate that water availability will be a problem, but we will continue to monitor the situation. For the long-term, we are engage in discussions with the State and the Corps of Engineers to meet the needs of the users. Also, we are working with the collaborative program in establishing a long-term plan to meet the needs of the Silvery Minnow.

COLORADO RIVER MANAGEMENT

Question 29. As you know, the seven basin states recently reached agreement on a draft management plan for the Colorado River in order to minimize shortages in the Lower Basin and reduce the risk of curtailment in the Upper Basin. It is my understanding that this plan will require further refinement but is a good step towards addressing this often-contentious issue. I appreciate your leadership in the matter.

When do you anticipate that the public comment period will be completed and you will be able to sign-off on a final plan?

Answer. The Department is conducting a formal NEPA process, including preparation of an Environmental Impact Statement (EIS), to address these issues. The Basin States' proposal is being considered along with other information collected during the public scoping process in development of the alternatives in the EIS.

We anticipate publishing a scoping report by the end of March 2006, a draft EIS in December 2006, and a Record of Decision by December 2007. The Bureau of Reclamation will continue to solicit and accept public comments throughout the EIS process.

Question 30. What additions or refinements to this plan will be necessary before the administration is able to implement the plan?

Answer. Since we will be continuing analysis of the alternatives for the EIS in the upcoming months, we have not yet determined necessary additions or refinements for proposals received during the scoping process. We will continue to use a public process as details are developed, and all refinements will be fully vetted with the public.

Question 31. What is the status of the implementation of the Colorado surplus plan developed several years ago?

Answer. In 2001, the Department adopted Interim Surplus Guidelines (66 Fed. Reg. 7772) that are used by the Secretary in making annual determinations regarding the delivery of water to the Lower Division States based on conditions in Lake Mead. Since their adoption, these Interim Surplus Guidelines have been utilized in the development of Annual Operating Plans for the Colorado River. However, due to the known drought conditions, the Lower Division States have not requested surplus water in recent years.

Question 32. How do you plan to implement the recommendations of the shortage plan, particularly the suggestions for increasing water available in the Colorado River?

Answer. The States' recommendations will be included along with other proposals in the alternatives analyzed in the EIS. Details regarding implementation will be developed as we continue the EIS process.

The EIS's Record of Decision will set final guidelines and management strategies that will provide guidance for the Secretary's decisions in developing Annual Operating Plans for the Colorado River and afford water users greater certainty and flexibility in meeting their future water demands.

AGING INFRASTRUCTURE

Question 33. The administration's budget request seems to scale back significantly federal involvement in western water resources needs. The President's budget proposes \$971.6 million, a 13 percent cut for the USBR for FY 2007. The average USBR project is over 50 years-old and some projects are over 100 years-old. In many instances, projects have exceeded their anticipated life. This has resulted in great operations, maintenance and rehabilitation obligations.

This is particularly discouraging when one considers the current state of affairs, particularly in the southwestern United States. Snow pack in the middle Rio Grande Valley is currently at one third of average for this time of year.

How does the administration anticipate that it will be able to meet these increasingly large operations and maintenance obligations with the budget you propose?

Answer. The administration's budget is sufficient to meet Reclamation's operations and maintenance needs. The Department and the Bureau of Reclamation are committed to working with the Bureau's customers, States, Tribes, and other stakeholders to find ways to balance and provide for the mix of water resource needs in 2006 and beyond. Additionally, during the administration's Program Assessment Rating Tool (PART) review of Reclamation's Operations and Maintenance Program, the long-term maintenance and rehabilitation of Reclamation's aging facilities was highlighted as a major concern; one of the PART follow-up actions is that the administration will "[d]evelop a comprehensive, long-term strategy to operate, maintain, and rehabilitate Reclamation facilities". Developing a comprehensive solution to this long-term challenge will not happen overnight, but proactively addressing these issues is a priority for the administration.

Question 34. Noting the average age of USBR infrastructure, are you concerned with the possibility of catastrophic dam failure?

Answer. Reclamation is committed to taking all actions necessary to safeguard against the hazard of dam failure. Reclamation's Safety of Dams (SOD) program works to ensure that all Reclamation dams are operated and maintained in a safe manner. The program carries out inspections for safety deficiencies, performs analyses utilizing current technologies and designs, and requires corrective actions if needed based on current engineering practices.

The SOD program focuses on evaluating and implementing actions to resolve safety concerns at Reclamation dams. Under this program, Reclamation identifies and accomplishes needed corrective action on Reclamation dams. The selected course of action relies on assessments of risks and liabilities with environmental and public involvement input to the decision making process. The 2005 PART assessment of Reclamation's SOD program rated it 'Effective', and found that, "[T]he program is forward-thinking, well-managed, and is a leader in risk-based dam safety". Our pro-

gram staff works closely with outside experts to provide constructive feedback to help maintain the program's status as a leader in the dam safety field.

Question 35. How is the Department dealing with the drought situation in the Southwest? Is Interior coordinating with any other federal agencies to address this problem?

Answer. As discussed in detail in the answers to questions 44 and 45, Reclamation is working with States and other stakeholders to update management of the Colorado River. This will have long-term implications in addressing water scarcity in the region.

The Department collaborates closely with the U.S. Fish and Wildlife Service and the National Oceanic and Atmospheric Administration to meet the water supply requirements of irrigators, municipalities, and others while still taking necessary steps to meet the requirements of the Endangered Species Act throughout the West. An example of this type of collaboration (which also includes States and other entities) is the Multi Species Conservation Program in the Lower Colorado River Basin.

Reclamation is working with the USDA Natural Resources Conservation Service to assess the drought conditions across the West and coordinate programs of both agencies to maximize benefits in those areas of the West most in need. Additionally, Reclamation collaborates with the U.S. Army Corps of Engineers, most recently through an interagency Memorandum of Understanding to enhance our historic partnership. Recently, Reclamation and the Corps worked closely to manage flooding in the Colorado River tributaries in Arizona, effectively minimizing spill of any unregulated water to Mexico and maximizing storage in Lake Mead.

At the policy level, Reclamation and the other Federal agencies involved in water resources research and development are also working under the guidance of the White House Office of Science and Technology Policy to coordinate Federal R&D for water availability to ensure an adequate water supply for the Nation's future.

MINNOW SANCTUARY

Question 36. The Reasonable and Prudent Alternatives specified in the 2003 Fish and Wildlife Service's Biological Opinion on the Rio Grande Silvery Minnow required the construction of two minnow refugia. In order to comply with this mandate, I have been working with the USBR Albuquerque Area Office to construct a minnow sanctuary. The Federal government has provided money for this purpose. What is the status of the pre-construction activities underway?

Answer. Design work on the silvery minnow sanctuary is in the final stages. All environmental compliance and permits required for construction are in hand. Construction of the sanctuary began February 1, 2006, and will be completed by October 31, 2006.

Question 37. Assuming appropriations are made available for the project how long do you estimate it will take to complete the project?

Answer. Construction of the sanctuary began February 1, 2006, and will be completed by October 31, 2006.

TITLE XVI

Question 38. As you are aware, Congress authorized numerous Title XVI recycling and reuse projects, despite the administration's stated objections to the program and a backlog of authorized but unfunded process. In the past, Commissioner Keys appeared before this Committee and testified that the program has a 15-year funding backlog. Several days ago, Senator Murkowski held a hearing on these issues before the Water and Power Subcommittee.

Despite Congressional authorization for some 30 Title XVI projects, the administration has requested only \$1 million for Title XVI projects.

How does the administration determine which authorized projects to fund?

Answer. The administration's 2007 budget proposes \$10.1 million for the Title XVI program, including funding for individual projects and program management. Of the 32 specific projects authorized to date under Title XVI, 21 have received funding. Of these, nine have been included in the President's budget request. Including anticipated expenditures during FY 2006, approximately \$325 million will have been expended by Reclamation on these authorized projects by the end of the current fiscal year. Three of the projects have been funded to the full extent of their authorization. Two more should be fully funded in 2006.

The administration has generally confined its funding requests to previously budgeted projects. The principle exception to this occurred in FY 2000, when Reclamation evaluated and ranked unfunded authorized projects for the purpose of prioritizing available construction funding for four new starts. Reclamation has not used a competitive process to allocate funds since FY 2000.

Question 39. What additional criteria do you believe should be imposed, on the program? Does the administration anticipate that it will submit a bill for introduction?

Answer. The administration is currently developing a legislative proposal to bring needed reforms to Title XVI. The proposal aims to create a framework under which Title XVI projects will be screened to ensure they complement Reclamation's mission, rather than diminishing Reclamation's ongoing core programs. Among the ranking criteria that the program will look at would be whether the project would alleviate water conflict, add or diversify water supply in a "hot spot" area, and be able to be brought on-line within a reasonable timeframe. The administration is also interested in improving the transparency of funded progress, increasing accountability for how funds are spent, and improving criteria for project development and design.

Question 40. As you know, a number of Title XVI projects have been authorized for federal assistance. What criteria does the Department use for either supporting or not supporting projects authorized to receive federal assistance?

Answer. As stated above, the administration has generally requested funding only for projects that have already received Federal funding. In FY 2000, Reclamation evaluated and ranked unfunded authorized projects to prioritize available construction funding for four new starts. We prioritized projects according to how much water would be produced, the extent to which the project would prevent conflict over water, whether the project could be completed within a reasonable timeframe, and whether the project could be sustainably operated and maintained by the project sponsor.

MIDDLE RIO GRANDE PUEBLO WATER DELIVERY AND INFRASTRUCTURE

Question 41. Pursuant to a 1981 agreement, the USBR is responsible for releasing water to meet the Pueblos "prior and paramount" rights. In the 1981 agreement, the BIA was also required to ensure that these obligations were met. The six Middle Rio Grande Pueblos rely on Federal appropriations to the Middle Rio Grande Project to rehabilitate and otherwise keep in working order infrastructure to provide their statutorily-created water rights. The Pueblos have questioned if the USBR is delivering water consistent with the 1981 agreement and has questioned if the DOI is fulfilling its trust responsibility.

How does the DOI plan to resolve the conflict that has arisen between the BIA, USBR and Pueblos?

Answer. The Department believes that such conflict no longer exists, and we note that there is a continuing and ongoing dialogue between the Department and its bureaus and the Pueblos.

Question 42. How does the USBR plan to upgrade and maintain the Pueblo water delivery infrastructure? Is funding available for these purposes through Water 2025 or other grants? How do you plan to meet these trust responsibilities, particularly in light of a proposed decrease in funding for the Middle Rio Grande Project?

Answer. Portions of the six Middle Rio Grande Pueblos irrigation infrastructure fall within the boundaries of the Middle Rio Grande Project and can be served by Reclamation. Through fiscal year 2005, the Middle Rio Grande Conservancy District received about \$3 million under Water 2025 for water conservation and infrastructure improvements. This funding can be used throughout the District, including project facilities serving six Middle Rio Grande Pueblos.

In addition, the Department entered into a new agreement with Middle Rio Grande Conservancy District with respect to project service to the Pueblos. Through the development of annual work plans and annual appropriations to pay the Middle Rio Grande Conservancy District for specified charges, the Middle Rio Grande Conservancy District will perform operations, maintenance, and betterment work on the facilities serving Pueblo lands.

Through Reclamation's Native American Program, Reclamation has funded a variety of small infrastructure improvement projects for pueblos in New Mexico. Reclamation continues to look for opportunities using existing authority and funding to upgrade Pueblo facilities.

As the trustee for American Indian lands and funds as well as water rights, Interior is committed to protecting trust assets and fulfilling our trust responsibilities to individual and tribal trust beneficiaries.

Question 43. Do you believe that the MRGCD is showing partiality to MRGCD lands as opposed to Pueblo lands when performing operation and maintenance activities with funds made available for the Middle Rio Grande Project?

Answer. To our knowledge, no assessment has been carried out that provides information that would allow the Bureau to make such a determination.

ANIMAS-LA PLATA PROJECT

Despite past claims of mismanagement and poor planning and oversight, the A-LP project is now proceeding at an acceptable rate. The President's budget calls for \$57 million for the project in FY 2007. However, some of the project beneficiaries claim that the project requires \$75 million in FY 2007 to keep it on schedule. Additionally, some of the non-Indian project beneficiaries claim the DOI may require an increased non-Indian contribution over what was originally contemplated.

This project is of great importance to the communities of northern New Mexico and southern Colorado.

Question 44. Do you believe that the \$57 million requested by the administration is adequate to keep the project on schedule?

Answer. The Project schedule was revised in December 2005 based on the current enacted amount of \$56 million for FY 2006. The schedule reflects revised estimated construction completion, including filling of the reservoir, in the winter of 2012; Project closeout is estimated for 2013. This revised schedule results in an estimated construction completion schedule approximately 1 to 1½ years longer than was anticipated when the revised Construction Cost Estimate was prepared in 2003. The amount requested by the administration will provide funding to continue construction of two of the Project's major features, Ridges Basin Dam and the Durango Pumping Plant, and to begin construction of a third major feature, Ridges Basin Inlet Conduit. This funding level will also allow preconstruction activities on the Navajo Nation Municipal Pipeline and County Road 211 Relocation to continue.

Question 45. What precautions are being taken to ensure that there are not further cost overruns with the project?

Answer. We have refined and streamlined reporting within Reclamation for the ALP. The ALP Construction Office is responsible for all matters pertaining to the construction of the project. This office is managed by a Project Construction Engineer who reports directly to the Regional Director of the Upper Colorado Region in Salt Lake City, Utah. The construction office continually evaluates ways to save costs and still maintain the project features. Cost tracking procedures implemented in 2004 now relate all project costs to the cost estimate (indexed for inflation) for early detection of problems. This cost information is shared with the Project Sponsors on a monthly basis.

Question 46. Is it true that the DOI may require additional funds from the non-Indian participants above the amount required in the cost-allocation contract? If so, how are you able to amend existing contracts without agreement by the contractors?

Answer. Contracts would not be amended without agreement by the Contractors. However, existing contracts allow for increases in repayment amounts if certain triggering conditions are met. These conditions include that a final cost allocation be made following completion of construction and that additional repayment only be warranted for reasonable and unforeseen costs as determined in consultation with the repayment entities. Furthermore, the Secretary is authorized to forgive the obligation of the non-Indian sponsors for the increase in estimated total project costs that occurred in 2003.

Question 47. What approaches has the USBR taken its communications with stakeholders regarding the A-LP project that may be applicable to other projects?

Answer. The Bureau of Reclamation has adopted the following measures to improve its working relationship with the Animas La Plata Project stakeholders. These measures, which are consistent with the 4 Cs philosophy, may be applicable to other projects.

- Reclamation holds regularly scheduled meetings with the Project stakeholders to improve communications and trust among the involved parties.
- Reclamation has increased the level of coordination and consultation with the project stakeholders and developed formal consultation protocols to allow stakeholders to have input into decisions affecting the overall cost of the Project.
- Reclamation has developed a system to allow for open and complete cost accountability.

R&D IN WATER SCIENCE AND TECHNOLOGY

Question 48. Drought and population growth in the western U.S. requires that we make more efficient use of water and develop technologies to make use of previously impaired or unusable water. During the 1960s and 1970s, the federal government funded extensive research in water technology which resulted in reverse osmosis-desalination technique most widely used today.

I believe that the federal government should renew its investment in water treatment technology. Toward this end, I have funded construction of a Tularosa Basin

Desalination Research and Development Center in New Mexico. The President's budget requests only \$25,000 for the Desalination and Water Purification Research Program.

Does this significant cut proposed by the administration indicate that, from your perspective, that desalination should not be undertaken by the USBR?

Answer. The President's budget requests \$5.2 million for Reclamation's desalination research and development (R&D) programs. The Secretary's *Water 2025* program identifies advanced water treatment technologies, including but not limited to desalination, as one of the key tools to manage scarce water resources because of the potential it offers to expand usable water supplies. The FY07 administration budget includes funding for the Tularosa Basin facility, to be renamed the Brackish Groundwater National Desalination Research Facility, in the *Water 2025* advanced water purification/desalination request. In contrast, in FY06 Congress appropriated funds under the Desalination and Water Purification Research Program. Full operations of the Tularosa facility are expected to be initiated in FY07. Approximately \$1.9 million of the \$2.7 million requested for desalination research under the *Water 2025* Program will support operations at the Tularosa facility. The balance (\$800k) is for Reclamation's external, competitive Research and Development program, prioritizing research at the Tularosa facility.

Question 49. As you are aware, the authority for the USBR's Water Desalination Research and Development Act of 1996 was extended through FY 2006. Does the administration support a greater extension of this authority? If so, what changes to the authority do you believe are necessary?

Answer. The administration's budget proposes extending this authority by one year. We are considering whether it should be revised and extended, in the context of broader water development issues.

Question 50. What is the status of the construction activities at the Tularosa Basin Desalination Research and Development Center in New Mexico? How will the President's request affect construction of the facility?

Answer. As discussed in response to question 48, construction is scheduled to be completed and full operation of the Tularosa facility should begin in FY07.

Question 51. Assuming appropriations are made available for the project, how long do you estimate it will take to complete the project?

Answer. Since construction is scheduled to be completed in FY07, the FY07 request emphasizes start-up operations including hiring an external organization to operate the facility under Reclamation direction and starting initial Research and Development activities. The facility is currently equipped to undertake research projects and in 2005 began with an experimental unit developed by the Office of Naval Research.

ESA COLLABORATIVE PROGRAM

Question 52. In order to address endangered species issues in the Middle Rio Grande Valley, I established the Middle Rio Grande Endangered Species Act Collaborative Program. As you are aware, this provides a forum for all interested parties to discuss ways to address endangered species issues in a cooperative way and has been largely successful in reaching consensus on how to meet the requirements of the 2003 Biological Opinion. We recently shifted a fair amount of responsibility from the Corps of Engineers to the USBR.

Do you believe that the USBR is capable of undertaking this reduced work load?

Answer. Yes. The Bureau continues to work toward the transition with the U.S. Army Corps of Engineers (Corps). The Corps has asked Reclamation to manage the request for proposal and award process for FY 2006. On October 1, 2005, Reclamation implemented a streamlined contracting process which remains on schedule. The Corps is expected to assume responsibility for the proposal and award process in FY 2007.

Question 53. How is compliance with the 2003 Biological Opinion proceeding? Do you feel that adequate funds for this purpose are included in the President's budget request?

Answer. Yes, funding for FY 2007 will enable Reclamation to meet the water requirements of the BiOp, including acquisition and management of supplemental water and low flow conveyance channel pumping. This funding will also support the transfer of administrative functions to the Corps, allow the Bureau to continue administration of more than 90 contracts, grants, cooperative and interagency agreements, including Indian Self Determination Act contracts, and to continue to participate on the Executive Committee, Steering Committee, Program Implementation Team, and various technical work groups.

Question 54. What construction activities required by the 2003 Biological Opinion do you anticipate will be completed in Fiscal Year 2006?

Answer. Design work on the silvery minnow sanctuary is in the final stages. All environmental compliance and permits required for construction are in hand, and construction of the sanctuary began February 1, 2006. We expect construction to be completed by October 31, 2006. In addition, while they will not necessarily be completed in FY 2006, a number of habitat restoration projects, funded through the Middle Rio Grande Endangered Species Collaborative Program, are also underway and will make substantial progress toward completion during this fiscal year.

WATER 2025

Question 55. One area in the USBR budget request where the President is proposing and increase is in the Water 2025 program. The budget requests \$14.5 million for Water 2025, a \$9.6 million increase from the FY06 enacted level. This is nearly a 300 percent increase over last year's enacted level. As you know, this program has not been authorized.

After three years, what are some of the major accomplishments of the Water 2025? Specifically, how have funds that have been appropriated for the program reduced conflict among water users?

Answer. There was an overwhelming response to the *Water 2025* Challenge Grant Program in FY 2004 and FY 2005, with Reclamation receiving over 100 proposals each year. The projects funded by *Water 2025* create new water banks, promote the use of advanced technology to improve water management, and increase collaboration among Federal, State, tribal and local organizations. In FY 2005, six Western States (Idaho, Kansas, Texas, Arizona, Montana, and New Mexico) were awarded Challenge Grants to address critical water management issues. The projects funded under these challenge grants reduce conflict among water users by encouraging cooperation among diverse stakeholders and by increasing flexibility of water use and enabling local stakeholders to more efficiently manage water resources. One particularly successful project is a partnership between the Central Oregon Irrigation District, seven irrigation districts, six cities, three tribes, and the Deschutes Resource Conservancy to establish a basin-wide water market and bank to help meet existing water needs in a water short basin. Another project, managed by the Sevier River Water Users Association in Utah, will expand a web-based, real-time flow monitoring system to better manage water deliveries in a five-county area. This project could ultimately save as much as 22,500 acre-feet of water per year.

The program is scheduled to be evaluated under the PART process in 2007. In anticipation of that effort, we are currently in the process of clarifying program goals and developing performance measures to help track achievement of those goals.

Question 56. The Science and Technology Program and the Title XVI program have some similarities. Do you believe that activities authorized by both programs should be combined into one authority? Is there unnecessary duplication among the two programs?

Answer. The programs do not duplicate activities and should not be combined. The Science and Technology Program is an internal, applied Research and Development (R&D) program focused on the full range of water resource challenges facing the Bureau of Reclamation. This program allows Reclamation experts and resource managers to work collaboratively with stakeholders in western water management issues. The program is Reclamation-wide and uses a competitive, merit-based process to select R&D that is conducted under four primary focus areas: (1) Improving Water Delivery Reliability, (2) Improving Water and Power Infrastructure Reliability, (3) Improving Water Operations Decision Support, and (4) Advancing Water Supply and Efficiency Technologies.

A Reclamation program more closely tied to desalination is the Desalination and Water Purification Research Program (DWPR). The DWPR program is focused on funding external research in desalination technologies through the award of competitive, merit-based, cooperative agreements authorized under the Desalination Research and Development Act of 1996, which expires at the end of 2006. R&D emphasis under the DWPR program is on lowering desalination costs, reducing energy consumption, and finding more effective ways to manage concentrate. Like Title XVI, DWPR funds external R&D but does not fund internal R&D.

The authority for desalination research under Title XVI complements the DWPR program by providing authority for research and demonstration projects geared toward the development of appropriate treatment technologies for the reclamation of municipal, industrial, domestic, and agricultural wastewater, as well as naturally impaired ground and surface water. These authorities are used in combination by

Reclamation in developing a research program that is in keeping with national priorities and needs.

We note that both of these programs have undergone evaluation under the PART process, and combining these programs was not one of the resulting recommendations. However, the administration looks forward to working with the Congress to make needed reforms to the Title XVI program.

Question 57. As you know, Reclamation States are governed by the prior appropriation doctrine. An effect of the doctrine is that it inherently discourages conservation. How are you ensuring that the grants made available under the program actually result in a net gain of water?

Answer. As this question suggests, the prior appropriation doctrine as it is applied in many States does not provide optimal incentives to holders of appropriative rights to conserve water and make it available for other users within a basin. This is one reason that a program like Water 2025 can make a difference. Water 2025 provides incentives for local stakeholders to overcome their differences and enter into partnerships that will qualify them for Challenge Grants under the program. One of the criteria that Reclamation looks at in awarding grants is the amount of water conserved as a percent of average annual supply.

Question 58. Do you plan to submit legislation to Congress that would authorize the Water 2025 program?

Answer. The Department of the Interior transmitted the administration's proposed permanent authorizing language for Water 2025 to the President of the Senate and the Speaker of the House on March 7, 2006.

RURAL WATER

Question 59. Staff from the Department of the Interior worked with my staff very closely on a rural water bill which, in November of last year, passed the full Senate. It is my understanding that the House Resources Committee will hold a hearing on the bill this spring. The President's budget proposes a \$14 million, 17 percent decrease for currently-authorized rural water projects.

What is the administration's position on the loan guarantee program contained in S. 895? Do you think it would be of benefit to currently authorized rural water programs and for existing USBR infrastructure?

Answer. The administration is still evaluating the value of a loan guarantee program, in the context of Federal budget constraints as well as the broader challenges facing Reclamation and other water users in addressing the challenges posed by aging infrastructure. A loan guarantee program is one mechanism that might be used to help address the challenges posed by aging infrastructure. We want to proceed deliberately on this important issue.

Question 60. When do you anticipate that you will have a review prepared on the most recent design of the Eastern New Mexico pipeline? Are additional appropriations necessary for this purpose?

Answer. Reclamation could prepare a review of the proposed pipeline's engineering design by mid-April. However, this design and the associated cost estimates submitted by the Eastern New Mexico Rural Water Authority's consultant are viewed as preliminary. Additional appropriations will not be required to review the preliminary design, but additional work would be needed to develop a complete feasibility analysis and report.

U.S. GEOLOGICAL SURVEY

WATER RESOURCES RESEARCH INSTITUTES

Question 61. Once again, the administration proposes to terminate funding for the 54 State Based Water Resources Research Institutes ("WRRI") for only a \$6.4 million savings. This would eliminate a critical program for my state of New Mexico.

How can the administration justify the elimination of the WRRI institutes?

Answer. The State Water Resources Research Institutes have been highly successful in leveraging the USGS grants under the Water Resources Research Act Program with other Federal and non-Federal funding. The Department considers this program a success, as the initial grants from the Department were considered implementation funding for the Institutes. Today, the Department anticipates that the majority of these Institutes will be able to continue operations without Federal grant funding, due to the successful partnerships that the Institutes have been able to make with others.

WATER RESOURCE ASSESSMENTS

Question 62. The administration's budget notes that the Cooperative Water program will initiate approximately \$6 million in new water studies.

What is the focus of these studies?

Answer. The \$6 million is for new studies beginning in FY 2007. Specific new Cooperative projects for FY 2007 will not be negotiated with cooperators until closer to the end of FY 2006. This is common practice. Since the cooperators provide two-thirds of the funding for the program, we do not unilaterally set program priorities, but rather work with them to consider their needs for the coming year along with our own.

In consultation with local and regional managers, external cooperators, and the interagency Advisory Committee on Water Information, the USGS has identified seven water-related issues for FY 2006 and 2007 that closely align with USGS mission goals that most require USGS involvement at State and local levels. Issues emphasized include: hydrologic hazards; water quality; hydrologic data networks; water availability and use; wetlands, lakes, reservoirs, and estuaries; water resources issues in the coastal zone; and environmental effects on human health. Studies in these areas will be conducted in FY 2007; specific study locations and topics will be determined in consultation with the program's 1,400 State, local, municipal, and tribal cooperators.

Question 63. Will USGS be examining any western water issues?

Answer. As I mentioned above, we do not yet know what studies will be initiated in FY 2007.

MINERALS RESOURCES PROGRAM

Question 64. The administration's FY 2007 budget seeks to reduce the Mineral Resources Program by \$22.9 million from FY 2006 levels in order to refocus the program on activities that are inherently governmental.

Why has the administration opted to reduce funding for this program when numerous non-federal users rely on the critical information produced by the USGS?

Answer. The administration believes the expertise exists at both State and university levels to take on some of this work. Given this fact, this work is less of a priority for USGS under current and foreseeable budget constraints.

NATIONAL PARK SERVICE

NATIONAL PARK SERVICE BUDGET DECREASE

Question 65. The administration's FY 2007 budget for the National Park Service is \$100 million less than FY 2006. That represents a 5 percent decrease in funding.

What is the primary area or program affected most by the reduction in NPS budget?

Answer. The proposed reduction in the line-item construction funding account of approximately \$85 million is the largest single reduction to NPS funding in 2007. In FY 2007, NPS will focus on deferred maintenance instead of new construction.

Question 66. Can we expect to see any reduction in park operations or visitor services as a result of the budget cuts?

Answer. The 2007 budget request maintains the funding levels provided in the 2006 appropriation, which included a net increase of more than \$24.6 million over 2005 park base funding. The 2007 budget request is a net increase of \$23.4 million above the 2006 enacted level, which includes increases for salaries, benefits, and other fixed costs.

The 2007 budget also proposes key investments in visitor services, health and safety, and law enforcement programs that impact the visitor experience. The budget includes an increase of \$250,000 to strengthen the Service's capability to understand opinions about parks by expanding and refining the visitor services survey program. The budget also includes \$500,000 for park-based special agents that will provide investigative support to park ranger staffs in parks. In addition, \$750,000 is included to centrally fund the Federal Law Enforcement Training Center. An increase of \$441,000 is requested to allow NPS to adequately respond to outbreaks and disease transmissions, as well as conduct safety evaluations of park food, drinking water, wastewater and vector-borne disease risks in the parks.

Funding these increases, in conjunction with the combined implementation of ongoing management improvements, will ensure the continuation of enhancements to visitors and other services provided in 2006

NATIONAL PARK SERVICE—NATIONAL HERITAGE AREAS

Question 67. Twenty-seven National Heritage Areas have been designated by Congress since 1985. Each area is locally managed and eligible to receive up to \$1 million per year in federal funding through the National Park Service budget. In the FY 2007 budget, DOI has moved funding for National Heritage Areas from Recreation and Preservation to the Historic Preservation Fund.

Does the National Historic Preservation Act allow you to use the Historic Preservation Fund to pay for National Heritage Areas?

Answer. We believe that the appropriation language submitted with the President's budget would provide sufficient authority.

Question 68. What changes should we make to National Heritage Areas to benefit DOI management and oversight?

Answer. For many years, the Department has strongly supported legislation to establish a much-needed framework for the national heritage area program. We believe such program legislation should ensure that national heritage areas preserve nationally important natural, cultural, historic, and recreational resources through the creation of partnerships among Federal, State and local entities. National heritage areas should be locally driven, initiated, and managed by the people who live there and should not impose Federal zoning, land use controls or require land acquisition. Program legislation should require that a study be conducted for every proposed national heritage area and that the study be evaluated against legislatively established criteria prior to designation. We also should evaluate mechanisms to assist communities in achieving self sufficiency in funding after an initial Federal investment and effectively and efficiently managing their national heritage areas.

NATIONAL PARK SERVICE MAINTENANCE BACKLOG

Question 69. The administration estimated the maintenance backlog would require approximately \$4.9 billion to correct.

What type of long range program have you implemented to track the maintenance backlog and prioritize future maintenance requirements?

Answer. The NPS is transforming the agency's approach to managing its facilities. During the past four years, NPS has been implementing an innovative asset management program focused on developing, for the first time, a comprehensive inventory and condition assessment of the agency's asset base. Parks have completed, for the first time, a prioritization of their asset inventory. Condition assessments on eight industry-standard assets (such as buildings, water systems, roads and trails) will be completed at all parks by the end of 2006. This shift in emphasis for the agency is based on management reforms and performance measures, and features a state-of-the-art software system. These new tools will allow NPS to have a better understanding of the true cost of ownership, including recurring operational costs of the improvements found in parks. Once condition assessments are completed, NPS will have a better understanding of the current deferred maintenance needs.

Question 70. What progress has the National Park Service made in the past five years to address the maintenance backlog and how much funding do you estimate it will take to complete the remainder of the effort?

Answer. During the past four years, the initial implementation phase of the NPS asset management program focused on conducting a full asset inventory; establishing a Service-wide baseline for facility conditions; utilizing the facility condition index and the asset priority index to target annual appropriations to improve the condition of high priority facilities Service-wide. The National Park Service now has information about its assets that it has never had before: systematic information about its inventory, its value, its current condition, and the level of investment required to sustain it over time. All parks have completed preliminary condition assessments, and NPS is on track to have comprehensive condition assessments completed by the end of FY 2006. Since 2002, the administration has invested nearly \$4.7 billion and undertaken nearly 6,000 facility improvement projects within the national parks. By the conclusion of FY 2006, NPS will complete the initial round of comprehensive assessments Servicewide and establish a comprehensive FCI for all eight industry-standard assets.

The overall goal is not to completely eliminate all deferred maintenance. Rather, using proven industry standards, the goal is to get the overall inventory to a point where it's in acceptable condition, using performance measures to prioritize investments. To do that requires thoughtful investment strategies that are based on realistic scenarios and outcomes.

NATIONAL PARK SERVICE SHARE OF SOUTHERN NEVADA PUBLIC LAND MANAGEMENT
ACT FUNDS

Question 71. The Southern Nevada Public Land Management Act authorizes the sale of certain lands in Nevada and the use of revenue from the sale for conservation projects in the state. The list of approved projects for 2006 includes over \$80 million for National parks in Nevada, mostly at Lake Mead National Recreation Area.

How is money from the Southern Nevada Public Land Management Act accounted for in the budget and is any of the money being used to correct the maintenance backlog in our national parks?

Answer. The Southern Nevada Public Lands Management Act requires that land sale proceeds be deposited in an interest bearing account managed by the Bureau of Land Management. Prior to April 2005, the National Park Service (NPS), U.S. Fish and Wildlife Service (FWS), and U.S. Forest Service (FS) submitted Intergovernmental Orders and task orders to BLM's National Business Center to obligate funds for projects. Upon completion of the projects or on a quarterly basis, these agencies submitted detailed documentation of expenditures requesting approval for reimbursement.

In April 2005, the Office of Management and Budget approved the establishment of an allocation account for the SNPLMA program. This allocation account is a delegation, authorized in law, by one agency of its authority to obligate budget authority and outlay funds to another agency. When an agency makes such a delegation, the Department of the Treasury establishes a subsidiary account called a "transfer appropriation account", and the receiving agency may obligate up to the amount included in the account.

The transfer process consists of a series of five distinct steps, following notification of availability of funds: Agency request; Request for review and approval; Cash availability determination; Transfer of Funds; and Treasury approval. When the BLM National Business Center receives the treasury confirmation from the BLM Washington Office Budget Group, the transfer is recorded in the Federal Financial System (FFS) which is the bureau's official accounting records.

As with any appropriated Federal funding, each agency is responsible for detailed accounting of the SNPLMA funds.

SNPLMA candidate projects are prepared and submitted by eligible entities, including the National Park Service, Lake Mead NRA. All projects are posted on the internet for public review and comments. Projects are ranked according to defined selection criteria, first by a "Sub-Group" for the funding category. Sub-Group recommendations and public comment are submitted to a "Working Group" for additional review. Working Group recommendations are submitted to an "Executive Committee" for final review and recommendation to the Secretary. The Secretary is the deciding official.

Round 6 SNPLMA Projects

Lake Mead National Recreation Area Round 6 SNPLMA approved capital improvement projects included approximately:

- \$41 million for deferred maintenance;
- \$17.7 million to maintain visitor access during record low water levels; and
- \$4.5 million for visitor facility and resource enhancement

Lake Mead National Recreation SNPLMA projects have focused primarily on existing facilities, deferred maintenance, and emergency low water needs. Over \$25 million of the above approved funding is allocated for deferred maintenance needs directly associated with deficient water and wastewater utility systems. Funding is also addressing deteriorated launch ramps, restrooms, picnic facilities, and campgrounds. Emergency low water projects include: relocation of water intakes, positioning of navigational aids, extension of dirt roads to ensure continued lake access, and the relocation of courtesy docks. Finally, and to a much lesser degree, funding is supporting a few facility enhancement projects.

Approximately \$35 million was approved for interagency Conservation Initiatives. Interagency Conservation Initiatives generally involve the NPS, BLM, FWS, and FS. Interagency initiatives include: resource protection, Take Pride litter and desert dumping, habitat restoration, capacity building through volunteers and alternative work forces and cultural site stewardship. In addition, Lake Mead National Recreation Area received approximately \$5 million for a three-year interagency water quality monitoring and assessment program.

BUREAU OF INDIAN AFFAIRS

BIA DRUNK DRIVING POLICY

Question 72. Madam Secretary, I am told by staff that the BIA has been working on the development and release of a new policy related to employees that are caught driving under the influence. I wrote you in early February to urge the Department to finalize and release the new policy as-soon-as possible.

My state has the unfortunate reputation of having the highest fatality rate from DUI crashes in the nation. The BIA has had the unfortunate reputation of having allowed employees with DUI's on their driving records to continue to drive BIA vehicles. In fact, a number of employees have been involved in crashes that killed private citizens. I think the release of this new policy is long overdue and I don't understand why it has take so long for the BIA and the Department to respond to the fatalities that occurred nearly two years ago.

What is the status of the new policy?

Answer. On January 18, 2006, the Department issued a new Departmental Manual Chapter on Discipline and Adverse Actions, which included a new Table of Offenses and Penalties for the entire Department. This new table includes a specific charge of "Operating a Government vehicle/aircraft while under the influence of alcohol" with a penalty that ranges from a 30 day suspension to removal for a first offense and removal from service for a second offense.

The Bureau of Indian Affairs is in the final stage of approving a National Policy Memorandum that states mandatory requirements that must be met before a BIA employee can operate a Government vehicle. These requirements, among others, include:

- Having no pending citations for DWI/DUI, reckless driving, or leaving the scene of an accident;
- Having no convictions for DWI/DUI, reckless driving, or leaving the scene of an accident within a three-year period immediately preceding their driving application; and
- Having no uncontested citations for DWI/DUI, reckless driving, or leaving the scene of an accident within a three-year period immediately preceding their driving application.

The BIA is in the final stage of incorporating management comments into the draft memorandum. Once completed, the Indian Educators Federation, American Federation of Teachers Union, Local 4524, will have an opportunity to review and negotiate on the policy. The Union will have 30 days to notify BIA as to whether they wish to bargain the impact and implementation of the policy memorandum. Once this process is completed, we will proceed to implement the terms of the policy memorandum. We anticipate issuing the National Policy Memorandum within the next 60 days.

REPUBLIC OF THE MARSHALL ISLANDS

Question 73. Following the Committee's hearing on the Marshall Islands nuclear compensation petition last year, your Department held a meeting for Administration officials to hear in more detail from the Marshall Islands. This meeting was an important first step in the process. Since that meeting, there have been no additional follow-up meetings with officials from the Marshall Islands and Department officials.

Could you please describe what came out of that first meeting, and what additional steps are being taken to address the concerns of the Republic of the Marshall Islands?

Answer. Following up on the September 13, 2005, meeting which he chaired Washington, D.C., Deputy Assistant Secretary David Cohen hosted an interagency conference call on October 20, 2005,. The participants represented the Departments of Energy (DOE), Health and Human Services (HHS), the Interior and State. In order to move forward, Mr. Cohen urged his colleagues to look at existing programs, e.g. HHS programs in the Marshall Islands, DOE's work at Runit Dome and the division between Energy's health and environmental components. Cost-out options and analysis were requested for these issues and a renewal of the Section 177 health care program.

Question 74. On December 5, 2005, the President of the Republic of the Marshall Islands sent a letter addressed to your office, and forwarded a copy of that letter to our Committee.

Could you please provide me an overview of how the Department intends to address the seven issues raised by President Note?

Answer. Of the seven points in President Note's December 5, 2005, letter, the Office of Insular Affairs (OIA) at Interior either is handling or has handled three (items numbered 1, 3, and 7 of the letter). Item number 2 is personal injury claims, which has not yet been sufficiently developed. Item number 6 is the Department of Energy program, which OIA does not handle. Item number 4 is not an OIA issue. Item number 5 is the Section 177 health care program, which requires close consultation among several Executive branch agencies and the Congress. The three Interior items in President Note's letter are being undertaken as follows:

- Health Care Needs. OIA has communicated to the proper authorities in the Department of Health and Human Services OIA's support for the short-term assignment of Stephen Ostroff, M.D., of OIA's Honolulu office to explore an array of options for the Marshall Islands to consider in addressing their health care needs.
- Runit Dome. As Article VII, sentence one, of the Section 177 Subsidiary Agreement states, "The Government of the United States is relieved of and has no responsibility for, and the Government of the Marshall Islands, . . . shall have and exercise responsibility for, controlling the utilization of areas in the Marshall Islands affected by the Nuclear Testing Program." The administration interprets this language to include Runit Dome.
- Land Claims. The OIA is arranging discussions among appropriate Federal agencies and the mainland representatives of the respective governments of Bikini, Enewetak, Rongelap, and Utrik Atolls. To be reviewed are the land claims of the governments of the atolls that are now before the Marshall Islands' Nuclear Claims Tribunal.

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM
SENATOR TALENT

Question 1. I want to be certain that the proposed Interior budget is sufficient to expeditiously carry out leasing Lease Sale Area 181 without any adverse impact on environmental oversight. Is it?

Answer. The FY 2007 budget request includes the necessary funding for the MMS to conduct and complete the environmental analyses necessary for the 2007 OCS lease sales and the 2007-2012 five-year lease program, which includes a portion of the Sale 181 area.

Question 2. I also understand that there has been a recent press report alleging that Bureau of Land Management has restricted the ability of its own biologists to monitor wildlife damage caused by surging energy drilling on federal land by keeping many wildlife biologists out of the field doing paperwork on new drilling permits and by diverting agency money intended for wildlife conservation to energy programs. The story claims that the BLM has compromised its ability to deal with the environmental consequences of the drilling boom it is encouraging on public lands.

I also want to be certain that the proposed Interior budget is sufficient to ensure that the BLM is adequately staffed to expeditiously process lease requests without compromising the usual environmental oversight. Is it?

Answer. The BLM takes an interdisciplinary approach to approving Applications for Permits to Drill (APDs), which includes the work of wildlife biologists, archaeologists, hydrologists, and botanists. Wildlife biologists are required to review APDs as part of their overall wildlife responsibilities. The BLM enlists its wildlife biologists during the permitting process to help complete environmental analyses, assess potential impacts to wildlife, and develop appropriate mitigation and best management practices for minimizing impacts to wildlife. The agency then places limits on when drilling can occur and takes numerous other measures to minimize the energy "footprint" on public lands. The wildlife biologists performing this work in support of APD processing charge their costs to the Oil and Gas Management Program. The proposed budget provides sufficient staffing to ensure that lease processing does not compromise BLM's environmental oversight responsibilities.

The 2007 budget request includes an increase of \$9.2 million to support increased oil and gas activity in non-pilot offices (those not eligible to receive mandatory funding authorized by section 365 of the Energy Policy Act). Approximately \$5 million of this increase for non-pilot offices will support increased inspection, enforcement, and monitoring efforts to better ensure that energy development is conducted in an environmentally sound manner.

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM
SENATOR SMITH

FUNDING FOR THE IN-LIEU AND TREATY FISHING ACCESS SITES (TFAS) PROGRAM

Question 1. In 1995, the Corps and BIA agreed to an MOU which set forth procedures and funding plans for effectuating the transfer of facilities, lands, and operations and maintenance funds for these In-Lieu and TFAS sites. These facilities and sites are intended to serve as replacements for lands and fishing access sites that were flooded by development of the Federal Columbia River Power System.

The Corps has fulfilled its commitment of funding for necessary construction as well as long-term O&M. BIA has not kept its commitment of providing a minimum of \$250,000 annually for enforcement, O&M, and tribal training.

The Columbia River Inter-Tribal Fish Commission (CRITFC) assumed O&M responsibilities for the sites in 2004. This commission needs the BIA funds to provide site and facilities protection and law enforcement as well as O&M.

The Corps has offered to increase their contribution to O&M funding provided that additional funds have technical justification, that unused funds earn interest, and that BIA makes its contributions.

Why doesn't the FY2007 DOI budget provide the funds promised by BIA in 1995? Answer. The budget request for fiscal years 1997, 1998, and 1999 included \$250,000 for enforcement, O&M, and tribal training. However, the final enacted budgets for these fiscal years did not include the requested funding. Since the program did not receive the requested funding and due to competing budget priorities, no further requests have been made since 1999.

Question 2. The Commission believes that \$535,000 is needed to provide appropriate 24/7 enforcement and protection of these In-Lieu and TFAS properties. Can the Department identify a source for such funds?

Answer. During the 2007 budget formulation process, Indian Affairs leadership, in consultation with the tribes, evaluated the purpose and performance of each BIA program. The budget incorporates the highest priority needs of the tribes on a nationwide basis and the programs that meet the outcome goals of the Department's strategic plan. Unfortunately, \$535,000 in funding is not available for the Columbia River Inter-Tribal Fish Commission. While there are no easy solutions in meeting all natural resources development needs, we are continuing to evaluate ways to extend our resources to address recognized priorities.

BUREAU OF RECLAMATION

Question 3. The Bureau of Reclamation claims that one of its main goals is to identify future water supply needs "for consumptive and non-consumptive purposes in Reclamation states in the next 25 years which are likely to be unmet with existing resources."

In light of this goal, can you explain to me why the feasibility studies for the Tualatin Project and for Phase III of the Umatilla Enhancement project are zeroed out in the budget request?

Answer. Reclamation's work on the Oregon Tualatin Valley Water Supply Feasibility Study has involved coordination with the local stakeholders over the past several years as they have refined their definition of water supply alternatives to be assessed in an Environmental Impact Statement (EIS). This coordination effort has been supported with funds made available through other sources, such as Technical Assistance to the States. In addition, the local stakeholders have funded Reclamation's completion of engineering and other technical studies. As of February 2006, the stakeholders have focused on specific alternatives to be carried forward in the EIS. Accordingly, the role, scope, and schedule for Reclamation's future work will be reassessed.

Reclamation work on the Oregon Umatilla Basin Project Phase III Feasibility Study has been scaled back to a minimal coordination effort while the stakeholders (including Reclamation and the Department of the Interior) continue to work toward consensus on the goals and scope of the study. During this process, Reclamation's coordination efforts will be funded from other sources, such as Technical Assistance to the States.

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM
SENATOR BINGAMAN

DEPARTMENTAL MANAGEMENT

Question 1. What role did the Department take in the response to Hurricanes Katrina and Rita?

Answer. The Department responded immediately following the hurricanes to assist in the Federal response as well as to respond to protect and rebuild assets that sustained damage during the storms. The Department participated in the Federal government's response under the National Response Plan (NRP), which organizes the capabilities of the Federal government around 15 Emergency Support Functions (ESFs). The Department provided support to nearly all of these support functions.

In the immediate wake of Hurricanes Katrina and Rita, Interior employees mobilized to help in disaster recovery efforts at Interior installations and in their communities, assisting in rescue and evacuation efforts, giving out food and water, and providing temporary shelter for displaced people. In the days that followed, the Department and its bureaus mobilized its resources which were dispatched to the Gulf area as part of interagency response teams, teams assigned to mission assignments through FEMA taskings, or as part of teams to assist other agencies as requested. Interior employees from all eight of the bureaus and many offices participated in responding to the disaster by rescuing people, removing fallen trees and debris, provided mapping expertise to locate individuals trapped in flooded water where street signs were not available, providing engineering expertise to repair the levees, evaluating offshore energy infrastructure, managing staging areas for the distribution of supplies, protecting natural and cultural resources and historic properties, and beginning to plan for long-term recovery.

The Department dispatched incident management and incident response teams to assess damages and take immediate actions to protect Federal facilities and provide access. In the subsequent months, Interior bureaus have conducted inventories of damages, continued to clean-up debris, undertaken repairs, and resumed operations and visitor use where possible.

Question 2. What damage occurred to Departmental facilities and lands?

Answer. The Department has extensive land holdings along the Gulf Coast and the hurricanes of the 2005 season impacted the Department's refuges, parks, and facilities along the Gulf coast. The U.S. Fish and Wildlife Service (FWS) had over 60 National Wildlife Refuges and other Service owned facilities, and the National Park Service (NPS) had 13 parks affected by the hurricanes. The Minerals Management Service's (MMS's) Gulf of Mexico Regional Office was damaged and MMS implemented their continuity of operations plan to ensure that production in the Gulf of Mexico was re-established as soon as possible following each of the storms. The U.S. Geological Survey lost coastal and stream gages throughout the impacted area.

The damage sustained by the Department's land holdings in the Gulf Coast region was extensive. The winds from the hurricanes created debris fields of downed trees and windblown debris within the refuges and parks. The coastal refuges received the brunt of storm surges from the hurricanes and the storm surges resulted in tons of debris being carried onto the refuges. The debris came from the remnants of beach communities as well as oil and gas facilities. It contains a mixture of natural vegetation, construction debris, household items and some hazardous materials. Many refuges in coastal areas rely on water control structures such as levees and dikes to maintain coastal wetlands for public use as well as for migratory birds, and to protect freshwater from saltwater intrusion. Levees and dikes in the refuges in Louisiana and Florida were damaged and as a result water management capabilities that provide important habitat and protect local communities are affected.

An example of damages at Interior sites includes the following:

At Bayou Sauvage National Wildlife Refuge (NWR), the Maxent Levee separates Bayou Sauvage NWR from New Orleans. When New Orleans flooded, the Maxent Levee and the pumps that support it aided in the removal of water from the New Orleans east area. It is imperative to repair important levees and dikes on refuges to protect and provide habitat for wildlife, and, in some cases, to protect local communities.

At the Sabine NWR, 32,000 acres have been impacted with an estimated 1,700 acres of debris piles, seven million cubic meters of debris and nearly 1,400 potential hazardous material items have been positively identified. The facilities at Sabine NWR were devastated by Hurricane Rita and five of the eight buildings were immediately condemned and required demolition. The remaining buildings require extensive repairs before they can be occupied. The Sabine NWR remains closed until repairs can be made to facilities and debris can be removed from the refuge.

The NPS's Chalmette National Battlefield and National Cemetery, part of the Jean Lafitte National Historical Park and Preserve, flooded when the New Orleans levee systems failed. The facilities and lands at the battlefield and cemetery sustained wind and flood damage and remain closed due to damage sustained during the storm.

Question 2b. What supplemental appropriations has the Department received? Is this sufficient?

Answer. In the fall of 2005, the administration requested \$135.8 million to begin to address the damage sustained by the Department's assets in the Gulf region. The Department received \$70.3 million in supplemental funding as part of the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006, which was enacted in December 2005. The funds provided in the December supplemental are allowing the FWS, NPS, MMS and USGS to do immediate stabilization and repair of facilities in the Gulf coast region and to re-establish operations at affected facilities.

In February 2006, the administration requested an additional \$216 million in supplemental funding for the Department to address damage to NPS, MMS, FWS and USGS facilities in the Gulf coast region. The supplemental funds requested will allow MMS, NPS, FWS and USGS to address the critical needs at facilities in the Gulf coast region.

Funding for this work is critical, as it will be used to conduct clean-up of hazardous materials and debris removal on public lands and repair and reconstruction of facilities at park units and national wildlife refuges. These actions are necessary to open roads and trails to the public, repair visitor centers and exhibits, and reconstruct water control structures and habitats that are important to migratory bird populations and other wildlife. In the absence of these repairs, public access will continue to be limited and there will continue to be impacts to local communities that will not benefit from tourism. The repair of levees on Interior lands is essential to provide flood control to communities and to provide habitat that is essential to support migratory birds and other wildlife.

The supplemental also includes funding for MMS to complete restoration of its operations in New Orleans. In order to sustain operations, MMS relocated staff and established a temporary office in Houston. Funding is needed to fund the temporary office and reestablish operations and relocate staff back in New Orleans. Without this funding MMS will not be able to continue work that is essential to reestablish offshore production of oil and gas. As of March 8, 2006, shut-in oil production is equivalent to 23.22% of the daily oil production, and shut-in gas production is equivalent to 14.03% of the daily gas production in the Gulf of Mexico. Without these funds MMS will not be able to reestablish its offices in New Orleans.

In addition, Interior's request includes \$3 million to fund increased capacity for State Historic Preservation Officers for required clearances to allow repairs and reconstruction of buildings and other facilities while ensuring consistency with historic preservation requirements.

Question 3. Is the Department involved in ongoing efforts to coordinate Federal actions and programs in rebuilding the Gulf Coast? If so, please specifically describe.

Answer. The Department of the Interior is represented on ESF 14, Long-Term Community Recovery, by USGS. Several Departmental personnel have been deployed under ESF 14.

In addition to coordination of Federal actions, DOI is involved in extensive efforts relevant to rebuilding the Gulf Coast. Protection of the Gulf Coast ecosystem has been a Federal, state, local, and private sector interest for many years. DOI is involved in many of the numerous interagency, intergovernmental, and public-private efforts to deal with Gulf Coast issues that pre-date Katrina, as well as those that could be useful to address environmental damage from the 2005 hurricanes. Two of these efforts, led by USACE, are described in the answer to question 4, below.

MMS is working to restore offshore oil and gas energy production in the Gulf Coast by:

- Expediting reviews of pipeline and production structure repairs.
- Developing procedures for the next hurricane season and for future years with industry to address Mobil Offshore Drilling Units (MODU) issues and losses.
- Requesting research proposals in six areas related to hurricanes: pipeline movement, offshore platform damage, performance of jack-up rigs, startup after hurricanes, hurricane hindcast data, and response of waves and currents.
- Granting Lease Term Extensions due to hurricane damage.
- Granting Suspensions of Operations due to rig delay, lack of rig availability and long lead equipment.

- Granting limited flaring approvals related to hurricane damage.

Through redirected funds and a requested supplemental, USGS is providing data and information resources to help local, State, and Federal decision-makers evaluate the effectiveness of recovery and mitigation proposals, and to improve responsiveness to and assessment and forecasting of future hurricane and severe storm impacts in the Gulf of Mexico region and nationwide. Initiatives for FY06 include environmental assessments, hazards monitoring, landscape change monitoring, and provision of science for the coastal plan as directed by Congress. USGS scientists use remote-sensing technology and GIS to identify changes to wetlands and coastlines. Continuing efforts will utilize satellite imagery, high resolution digital imagery from aircraft, and field investigations. The National Wetlands Research Center in Lafayette, LA, is a source and clearinghouse of science information for government, academia, and the public. The Center provides people with the knowledge, insight, and abilities that enable them to make sound decisions about vital wetland resources. Other Science Centers contribute to the post-Katrina science effort including (1) Coastal and Marine team housed in St. Petersburg and Santa Cruz, (2) the USGS Louisiana Water Science Center and (3) numerous scientists from other centers

FWS is partnering with all relevant Federal and state agencies and conservation groups to address hurricane impacts on trust resources such as migratory birds, inter-jurisdictional fishes, and imperiled species and their habitats in a cooperative and collaborative manner.

More than \$167 million in National Coastal Wetlands Conservation Grants (1992-2006) has been awarded to carry out coastal wetlands conservation projects in the U.S. FWS FY 06 National Coastal Wetlands Conservation Grant Project Proposals (pre-hurricanes) include one in Alabama and one in Texas. FWS is also a key player in implementation of the John H. Chafee Coastal Barrier Resources Act established the Coastal Barrier Resources System (CBRS), including undeveloped coastal barriers along the Gulf coast. The Act limits Federal spending that serves to encourage risky development in these designated areas, including Federal flood insurance and support for new infrastructure. FWS maintains the repository for maps that depict the CBRS. The Service also advises Federal agencies, landowners, and Congress regarding whether properties are in the CBRS and what kind of Federal expenditures are allowed in the CBRS. The Service is working with Congress to modernize the technologically outdated maps of the CBRS in order to: increase the efficiency of the program; improve customer service; better conserve natural resources by integrating digital CBRS information into conservation planning efforts; and maintain the long-term integrity of the CBRS by comprehensively addressing technical mapping errors associated with the current outdated paper maps.

Question 4. What role does the Department or agencies within the Department have in working with the Army Corps of Engineers in rebuilding the infrastructure in the Gulf Coast region?

Answer. The Department has been responding to US Army Corps of Engineers (USACE) requests for assistance. As part of the National Response Plan, the USACE requested support of Emergency Support Function-3, Public Works and Engineering. The Bureau of Reclamation Coordination Center coordinates personnel from all Interior Bureaus to meet the request of the USACE for Quality Assurance, Quality Control, and Safety personnel to oversee Temporary Roofing, Housing and Debris Removal, and to meet the request of the Federal Emergency Management Agency for Public Assistance.

Additionally, at the request of the USACE, a Reclamation staff member is assisting in guiding the risk analysis portion of New Orleans Hurricane Protection System/Independent Performance Evaluation Team (IPET) investigation. At the request of the American Society of Civil Engineers, a Reclamation staff member is participating on the external review panel for the products of the IPET investigation. The USACE is using the results of the IPET investigations to make decisions concerning the repair/restoration of infrastructure associated with the hurricane protection system.

Reclamation will continue to provide technical assistance where possible upon a USACE request.

The Department has worked with USACE for many years through the Coastal Wetlands Planning, Protection and Restoration Act (CWPPRA) Task Force and in development of the Louisiana Coastal Area (LCA) Ecosystem Restoration Plan (FWS and GS). As a result of the working relationships developed through these programs, FWS and GS are also working with USACE on South Louisiana Hurricane Protection and Restoration under the FY 2006 authorization and appropriation to conduct comprehensive hurricane protection analysis and design and to develop and present a full range of flood control, coastal restoration, and hurricane protection

measures for South Louisiana. The project is to be fully coordinated with coastal ecosystem protection and restoration efforts and authorities. FWS and GS are participating under the provision requiring representatives of other Federal, State, and local agencies to be invited to be members of the team, bringing their expertise, programs, and projects together with the Corps. FWS and GS are also involved in Mississippi Hurricane Protection and Restoration under the FY 2006 appropriation to USACE to "conduct an analysis and design for comprehensive improvements or modifications to existing improvements in the coastal area of Mississippi in the interest of hurricane and storm damage reduction, preventions of saltwater intrusion, preservation of fish and wildlife, prevention of erosion, and other related water resource purposes as full Federal expense."

The majority of FWS interactions with the USACE have occurred in Louisiana. FWS field staff are working closely with other Federal, State, and private entities in a wide variety of post-hurricane recovery actions (both on and off of FWS facilities), and our interactions with the New Orleans District (NOD) USACE have been good, especially with regard to field-level technical coordination.

NOD staff has worked to help FWS move ahead with the South Louisiana Comprehensive Coastal (hurricane) Protection and Restoration Project (LACPR) scoping and alternative formulation, as well as project-area-specific actions related to Task Force Guardian in anticipation of the upcoming hurricane season. LACPR will investigate measures needed to provide coastal Louisiana with additional flood control features, Category 5 hurricane protection and coastal restoration. Protection would be provided via typical hurricane protection methods (e.g., levees, floodwalls) and modifications of such existing features; coastal restoration measures examined would complement hurricane protection.

In Mississippi, similar positive interactions are occurring between the FWS and the Mobile District Corps of Engineers as it relates to post hurricane recovery actions.

Due to competing priorities, there is still a need to enhance coordination with the Louisiana Recovery Authority and the Louisiana Coastal Protection and Restoration Authority (state agencies) to understand the needs and direction that local/State officials will use to guide/influence the direction of the Louisiana Coastal Protection and Restoration project.

We are concerned, however, that the approved LACPR schedule and related guidance to USACE may result in structural engineering and authorization of Category 5 hurricane protection projects that do not integrate sustainable ecosystem restoration as a co-equal objective. At the field-level, we will continue to capitalize on existing partnerships and work hard to develop and maintain the widespread and strong support for the concept that healthy ecosystems and appropriate land and water uses will be essential to developing and maintaining sustainable structural and non-structural hurricane protection projects.

Ultimately, the success of near-term hurricane recovery and response efforts will largely depend upon the extent to which the ecological interconnections between and among the Texas, Louisiana, and Mississippi coastal ecosystems, the Mississippi River ecosystem, and the Gulf of Mexico ecosystem can be sustainably protected and restored at the landscape and smaller scales.

Question 5. What Solicitor's Opinions are currently under review? What Solicitor's Opinions do you expect to review during the remainder of FY06 and in FY07? Please provide a list.

Answer. There are no Solicitor's Opinions currently under review. It is my understanding that there are no plans at this time to review any particular Solicitor's Opinions.

Question 6. The Departmental Management request includes an increase of \$400,000 to implement the hearings requirement for the hydropower licensing provisions of the Energy Policy Act of 2005. Please describe the assumptions used in developing this number.

How many hearings does the Department anticipate in each of the upcoming five fiscal years? How many of these hearings are anticipated to involve proceedings where the Department's conditions had been developed on or before the date of enactment of the Energy Policy Act? How many hearings have been initiated to date under the new provisions?

Answer. The Department projects that it will receive eight to ten hearing requests per year. While some of those could be consolidated and others might be resolved without a full trial-type hearing (e.g., by the Department's agreeing to accept an alternative condition or prescription), the Department expects that the hearings it will conduct will require one administrative law judge (ALJ) and one staff attorney in the Office of Hearings and Appeals. The \$400,000 figure reflects personnel costs for these employees, plus the expected costs for travel and court reporters for the hear-

ings. It currently appears that the Department will hold three hearings in the second half of FY 2006 and three to four hearings in the first half of FY 2007. Assuming this rate continues, the Department anticipates holding six to eight hearings in each of the next five fiscal years. One of the hearings to be held in FY 2006 and two or three of the hearings to be held in FY 2007 will relate to conditions or prescriptions developed before the date of enactment. Finally, the Department has received six hearing requests to date and expects to receive two more this fiscal year.

MINERALS MANAGEMENT SERVICE (MMS)

Question 7. The Energy Policy Act of 2005 provides the Secretary of the Interior with new authorities to develop non-oil and gas resources on the outer Continental Shelf. Please provide for the record a time-line for MMS's completion of any necessary programmatic environmental impact statement, other environmental compliance documents, and implementing regulations.

What is the current status of work on these documents?

Answer. The Energy Policy Act of 2005 authorizes the Secretary of the Interior to provide access to the OCS for renewable energy and alternative use projects. The MMS has begun working on developing a new program and regulations. In December 2005, the MMS published an Advanced Notice of Proposed Rulemaking seeking public comment on five major program areas: access to OCS lands and resources; environmental information, management, and compliance; operational activities; payments and revenues; and coordination and consultation. The comment period closed at the end of February.

MMS will now prepare a programmatic Environmental Impact Statement, which will provide for public input concerning the scope of national issues associated with offshore alternate energy-related use activities; identify, define, and assess generic environmental, socio-cultural, and economic impacts associated with offshore alternate energy-related use activities; evaluate and establish effective mitigation measures and best management practices to avoid, minimize, or compensate for potential impacts; and facilitate future preparation of site-specific environmental compliance documents.

In addition, throughout the process MMS will coordinate and consult with stakeholders.

Question 8a. I understand that MMS is authorized to enter into memoranda of understanding with States and Indian tribes to undertake audit work for royalties generated on Federal lands. There has been concern among some states that MMS is not adequately funding this work by the states and tribes.

Can you please tell me what the level of funding is for this work in the President's Budget? Can you provide the level of current and anticipated funding for each state and tribe?

Answer. The President's FY 2007 budget request for the State & Tribal Cooperative Audit Program is \$8,983,000. Of this total, \$6,335,000 is requested to be allocated to States and \$2,648,000 to Tribes. Attached is a file that shows the FY 2005 and FY 2006 allocations by State and Tribe along with the total request in the President's FY 2007 budget. Annual allocations to the States and Tribes are determined in September after submission of individual work plans.

Question 8b. Will you work with me to ensure that adequate funding is made available to states and tribes so that they can effectively undertake this important work?

Answer. MMS continues to make every effort to consider state and tribal needs and to ensure those needs are met in our budgeting request. We will be happy to work with you as you consider this request.

Question 9. The Energy Policy Act of 2005 contains a provision providing royalty incentives for natural gas production from deep wells in shallow waters of the OCS.

How did this authority differ from administrative relief being provided pursuant to regulation at the time of enactment of EPACT? What budgetary impacts over the next 5 fiscal years are expected as a result of this provision?

Answer. The Energy Policy Act of 2005 added royalty incentives for deep gas leases in 200-400 meters (656-1,312 ft). The Act also provided additional royalty relief for certain ultra-deep wells greater than 1500 meters (5000 ft). The budgetary impacts will depend on several factors, including the success of exploration wells drilled in the coming years and on the price threshold provided for in any final rule.

Question 10. The Energy Policy Act of 2005 also contains a provision relating to deep water royalty relief.

How does the provision differ from administrative relief being provided pursuant to regulation at the time of enactment of EPACT? What are the expected budgetary impacts of provision over the next five fiscal year?

Answer. The Energy Policy Act of 2005 added a fourth tier of royalty relief to the existing deepwater program. The volume of royalty relief was increased from 12 to 16 million barrels of oil equivalent for water depths 2000 meters or deeper in the central and western Gulf of Mexico planning areas. The Act also requires that deep water royalty relief continue for the next 5 years. We do not have an estimate of the budgetary impacts.

Question 11. Along with many of my colleagues, I have requested that GAO look into several aspects of the royalty management program at the Department to ensure that the American public is getting a fair return on its oil and gas resources.

Do I have your commitment that Departmental personnel will fully cooperate with GAO in this effort?

Answer. Yes, the Department of the Interior's policy is to fully honor all GAO inquiries and ensure that we provide accurate and timely information. This message has been communicated to all levels and organizations within the Department. With regard to the GAO investigation into the Department's royalty management program, the Minerals Management Service is fully cooperating and providing information the GAO requests.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

Question 12. Current authority to collect the Abandoned Mine Land fee expires on June 30, 2006. I think it is extremely important that Congress act to extend this authority. I note that the President's Budget proposes an interim reauthorization of the fee collection at the current rate until September 30, 2007.

Does the administration support lowering the fee at this time?

Answer. We do not support lowering the fee as part of a short-term extension. However, we would consider a fee reduction as part of a long-term solution within the context of legislation to amend and extend the fee collection authority, provided such an extension is consistent with the four goals for the program.

Question 13. What level of funding would be needed to undertake a comprehensive inventory of abandoned hardrock mine sites?

Answer. Conducting such an inventory is beyond our current authority. Moreover, there are many states with an extensive history of hard rock mining, such as Idaho and Nevada, which have never been included in our AML program. Therefore, we are unable to provide an estimate of the funds that would be needed for such an inventory.

Question 14. The administration previously submitted legislation to reform the AML program.

Does the administration continue to support that legislative proposal as the best approach to AML reauthorization?

Answer. The administration continues to support that legislative proposal, but could support an alternative fiscally responsible and fair proposal that would achieve our four goals for the program within the President's mandatory and discretionary spending limits. Those goals are to:

- a. focus on the need to accelerate the clean up of dangerous abandoned coal mines by directing funds to the highest priority areas so that reclamation can occur at a faster rate;
- b. honor the commitments made to States and Tribes under current law;
- c. address funding for the 16,500 unassigned beneficiaries of the United Mine Worker's Combined Benefit Fund (CBF) while protecting the integrity of the AML fund; and
- d. provide sufficient funding to finish the job of reclaiming high priority health and safety sites.

Question 15. Does the administration support allowing Tribes to have primacy under the same standards as apply to States for purposes of administering the regulatory program under Title V of SMCRA?

Answer. The administration continues to support the concept of tribal primacy. We would be pleased to review any bill developed to address this issue.

BUREAU OF LAND MANAGEMENT

ENERGY AND MINERALS

Question 16a. I am pleased that section 365 of the Energy Policy Act provides mandatory funding from lease rentals for the pilot project to improve Federal oil and gas permit coordination. I understand that the amount of mandatory funding is estimated to be approximately \$20 million, and was disappointed to see that in

future years the administration proposes to replace it with a user fee. I have several questions about BLM's implementation of this program.

How much of the funding under the program will be used to pay for positions in BLM? Of these, how many positions will be dedicated to inspection and enforcement?

Answer. In FY 2006 the BLM estimates it will spend \$7,875,000 for direct payroll costs for new BLM positions in the Pilot Offices. The BLM is recruiting 36 new positions that will work in the Inspection and Enforcement program at the seven Pilot offices.

Question 16b. I understand that lack of resources in other agencies having a role in permitting has been a problem in the past. How many positions are being paid for in the Fish and Wildlife Service with these new funds? The Forest Service?

Answer. The BLM Permit Processing Improvement Fund will fund ten Fish and Wildlife Service positions and six Forest Service positions in Fiscal Year 2006. The BLM intends to meet regularly with these agencies to ensure the appropriate use of these positions and to assess any additional needs that may develop.

Question 17. What assumptions does the FY07 Budget make with respect to leasing in the Arctic National Wildlife Refuge? Please provide the specific information and data supporting the assumptions contained in the Budget with respect to revenues. What assumptions does the Budget make regarding: (1) the price of oil; (2) the timing of production; and (3) the magnitude and location of oil production? What assumptions does the Budget make regarding bonus bids and what is the basis for each assumption? Did you look at comparable lease sales? If so, please provide the specific information as to the location, timing, resource estimates, and bonus bids for each comparable sale. Please specifically explain the reasons for the differences in the assumptions in the FY06 Budget and the FY07 Budget with respect to revenues from the Arctic National Wildlife Refuge. Please provide your data and analysis for the assumptions for both FY06 and FY07. What infrastructure do you assume will be necessary for production from the Arctic Refuge? How many miles of pipeline within the Refuge will be required, given your assumptions regarding the magnitude and location of production?

Answer. The estimate in the Budget was made by 1) analyzing geology and geophysical information to determine geology parameters; 2) conducting an engineering analysis of the exploration, development, production, and reclamation phases for the potential range of sources; and 3) running an economic analysis of 1) and 2) under projected market conditions.

The most recent USGS estimates state that:

- There is a 95 percent probability that at least 5.7 billion barrels of technically recoverable undiscovered oil are in the Alaska National Wildlife Refuge (ANWR) coastal plain,
- There is a 5 percent probability that at least 16 billion barrels of technically recoverable undiscovered oil are in the ANWR coastal plain, and
- The mean or expected value is 10.36 billion barrels of technically recoverable undiscovered oil in the ANWR coastal plain.

The primary area of the coastal plain is the 1002 Area of ANWR, which was established when ANWR was created. Also included in the Coastal Plain are State lands to the 3-mile offshore limit and Native Inupiat land near the village of Kaktovik.

The unique combination of source rocks and reservoir traps is similar to the geologic combination of events that caused the productive reservoirs to the west including the Prudhoe Bay Field. Therefore, similar results are anticipated. However, the geologic interpretation has changed since BLM estimated ANWR leasing revenues in 1992. At that time most of the oil was expected in several large structures. Now USGS expects that these structures are more likely gas and that most of the oil will be found in stratigraphic traps over a large area. The uncertainty of the location of these traps is an added risk that affects the bidding of the oil companies. We have been able to model the impact on bidding using comparable sales from NPRA and price expectations from the Department of Energy's Energy Information Administration's (DOE/EIA) Annual Energy Outlook (AEO) 2005. This impact can now be applied using the updated price scenarios from the AEO 2006.

We estimate that first production will not occur until after at least 10 years from Congressional approval to open ANWR to leasing. This includes all regulatory actions necessary to conduct the first sale, exploration sufficient to proceed with development, and the concurrent field development, facilities construction, and pipeline design, approval, and construction. Thus production will not occur until after 2016.

DOE/EIA has published the Reference Case for the AEO 2006. They also provided BLM with sufficient information to conduct the revenue estimate analysis with price

scenarios consistent with the high and low oil prices in the thus far unpublished cases from the AEO 2006.

Assumptions

The estimate of receipts and funding requirements is based on the following assumptions:

1. Legislation authorizing ANWR development would be enacted in time to allow a sale in FY2008.
2. Regulations would be completed in FY2007.
3. The Final Legislative EIS on the 1002 area dated April 1987 would satisfy the requirements of NEPA with respect to pre-lease activities.
4. The EIS and related planning document would be final in FY2008 with sufficient time for the sale in FY2008 (18 months after enactment).
5. The BLM would serve as lead for the EIS in active consultation and cooperation with FWS. BLM would have responsibility for the sub-surface minerals resource input and analysis with assistance from USGS.
6. Two lease sales would be conducted before October 1, 2010.
7. The estimates for bonus bids are based on expected values given the best information we have on geologic probability curves and risks, as well as probability functions for costs and prices.
8. The geologic inputs were based on the joint analysis by staff experts of the USGS and BLM regarding oil potential and probabilities using the most recent USGS estimates of the oil and gas resources of the 1002 area of ANWR (Arctic National Wildlife Refuge, 1002 Area, Petroleum Assessment, 1998, Including Economic Analysis U.S. Geol. Open File Report 98-34, 1999) and the various updates including Undiscovered oil resources in the Federal portion of the 1002 area of the Arctic National Wildlife Refuge: an economic update U.S. Geol. Survey Report 2005-1217.
9. Economic inputs regarding oil pricing were based on the EIA 2006 Annual Energy Outlook.
10. Production will not occur before 10 years after first lease sale, i.e. no production volumes or royalties on this chart. Does not include production or revenues from State or Native lands.
11. The top tracts will go first so that the best prospects are sold in the first sale, and most of the remainder in the second.
12. Final adjustments were made based on bidding patterns in nearby north slope oil and gas lease sales.

The model assumes a 50/50 split of revenues with the State of Alaska, a royalty rate of 12½%, and that almost all tracts would be available for nomination in each sale. The model used for the analysis was a Monte Carlo Discounted Cash Flow model. With these considerations, the model results in total bonus bid estimates of \$7.0 billion for a 2008 lease sale and \$1.0 billion in 2010. There are 35 mapped structural prospects. Each prospect is run 1,000 times in the Monte Carlo model, with the condition that hydrocarbons exist, considering a number of differing factors. Similarly, the same is done for the one large stratigraphic play that covers approximately the northwestern third of the 1002 area. As a result, the specific infrastructure and transportation assumptions change thousands of times based on the running of the model.

Question 18a. What is the total amount of funding for the oil and gas I&E program included in the request for FY06? Please provide a table showing the funding for this program (both requested and enacted) for the previous 10 fiscal years.

Answer.

BLM INSPECTION AND ENFORCEMENT FUNDING (\$000)

Fiscal year	Request	Enacted
1996	14,850	14,850
1997	14,850	14,850
1998	14,850	14,850
1999	14,850	14,850
2000	15,365	15,365
2001	20,042	20,042
2002	22,673	22,673
2003	24,000	24,000
2004	26,000	26,000
2005	26,250	26,250
2006	27,890	27,890
2007	¹ 35,740	

¹ In FY 2007, BLM plans to spend \$5.1 million in mandatory funding at pilot offices for inspection and enforcement.

Question 18b. I had requested funding for additional inspectors in the Farmington Field office. How many additional inspectors have been added to this office in each of the past three fiscal years?

Answer. In FY 2002, the Farmington field office had 11 inspection and enforcement (I&E) program staff. There were 10 petroleum engineering inspectors and auditors and one technician. No additional positions were hired with new funding.

In FY 2003, an additional seven I&E inspectors were brought on board in the Farmington field office (four under the new funding authority, three through filling vacancies and reassigning employees). An additional I&E coordinator from the BLM State Office provides onsite oversight and coaching, including a seven month detail as a supervisor.

In FY 2004, there were no new inspectors hired by the Farmington field office as the new hires completed their certification training.

In FY 2005, a total of 18 I&E inspectors, classified as Petroleum Engineering Technicians (PET) were on staff at the Farmington Field Office: 14 PETs, three PET leads, and one supervisory PET. One PET working as a Natural Resource Specialist focusing on environmental surface compliance, and one PET position which funds two SCEP students to train as PETs are also on I&E staff for a total of 21 staff. The I&E staff is also supported by three Production Accountability Technician (PAT) auditors. In addition, the 21 Farmington Field Office (FFO) inspectors and three PAT auditors are provided support by two PETs assigned to the Federal Indian Mineral Office for trust responsibilities on Navajo allotted leases and five Tribal I&E inspectors working under cooperative agreements with the Navajo. Total staff count contributing directly to I&E is 32 including the onsite State Office coordinator. No new additional staff has been hired in FY 2005.

Also, in FY 2005, in addition to the 32 I&E staff in FFO, 2 I&E PET inspectors, one supervisory PET, and three Tribal I&E inspectors were reassigned by consolidation to the FFO from the BLM's Cuba, NM, office. The Cuba office inspects and audits federal and Jicarilla Indian reservation lease activities.

In FY 2006, the Farmington Field Office has hired an additional 4 (four) I&E inspectors, with mandatory funding provided under the Energy Policy Act of 2005.

Question 18c. Are you planning to hire additional inspectors in offices where the workload is increasing due to coalbed methane production? Please provide specifics.

Answer. Hiring additional inspectors is a major component within BLM's 2007 budget. In addition to maintaining past increases in funding for the I&E program, the 2007 budget requests an additional \$2.9 million for inspections. In addition, in recognition of the important role of inspections in ensuring production verification and environmental compliance, BLM is proposing in its FY 2007 request to redirect an additional \$2.3 million within the oil and gas management program from lower priority work into inspections. Finally, mandatory funding provided under Section 365 of the Energy Policy Act will allow the seven pilot project offices to fill an additional 36 positions for I&E. These positions should be filled during FY 2006.

Question 19. What is the total amount of requested funding for oil and gas NEPA compliance for FY07? Please provide a table showing the funding for NEPA compliance (both requested and enacted) for the previous 10 years.

Answer. The BLM's FY 2007 Budget Request does not specify a funding amount for NEPA compliance within the Oil and Gas Management program because the

costs of NEPA compliance are not individually tracked within the BLM's oil and gas financial management system. Rather, those costs are aggregated across various portions of the BLM's oil and gas budget, such as APD processing, processing of sundry notices, and inspection and enforcement.

The following is a table that estimates the BLM's NEPA compliance costs in the Oil and Gas program over the last seven years. NEPA compliance costs have increased as the number of leases and permits processed have increased.

ESTIMATED NEPA COMPLIANCE COSTS

(Oil and Gas Program)

Fiscal year	Funding
1999	\$9,000,000
2000	\$9,500,000
2001	\$9,600,000
2002	\$10,040,000
2003	\$10,500,000
2004	\$11,750,000
2005	\$12,500,000

Question 20. What is the total backlog of APD's? Please provide a table showing the backlog over the last ten years and the number of APD's received and processed during each of the last ten years. Please display this information on a state-by-state basis.

Answer. The tables below include the requested data related to APD processing.

APDs PENDING LONGER THAN 60 DAYS AT END OF FISCAL YEAR

State	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
AK	0	0	1	1	6	15	0	0	0	0
CA	8	12	18	51	24	5	6	7	3	4
Colorado	16	21	28	44	33	74	67	65	52	74
Eastern States	1	3	6	26	10	7	10	23	12	21
Montana	23	29	36	40	102	67	134	114	82	89
NV	0	0	1	0	0	0	0	0	7	6
New Mexico ...	259	295	318	255	368	503	740	692	501	546
Utah	73	82	91	147	150	266	526	443	353	397
Wyoming	305	347	387	349	1,060	1,059	1,597	1,436	1,204	1,324
Nationwide	685	789	886	913	1,753	1,996	3,080	2,780	2,214	2,461

APDs RECEIVED DURING FISCAL YEAR

State	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
AK	0	1	2	14	11	23	12	6	18	8
CA	206	356	395	219	121	70	118	69	116	235
Colorado	70	107	122	184	254	299	265	323	502	605
Eastern States	4	29	28	37	39	23	14	73	70	136
Montana	8	180	183	89	271	213	221	325	421	451
NV	0	2	7	0	0	1	7	4	15	9
New Mexico ...	745	926	1,034	832	1,280	1,351	1,087	1,385	1,668	1,619
Utah	228	388	389	271	394	680	496	639	792	1,245
Wyoming	148	656	984	2,859	1,607	2,159	2,365	2,239	3,377	4,043
Nationwide	1,409	2,645	3,144	4,505	3,977	4,819	4,585	5,063	6,979	8,351

APDs APPROVED DURING FISCAL YEAR

State	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
AK	1	1	3	6	8	11	12	8	14	8
CA	154	273	410	172	87	72	108	73	109	232
Colorado	59	104	84	153	209	235	208	296	407	608
Eastern States	8	17	34	13	22	27	13	44	63	110
Montana	5	159	121	103	160	168	202	294	213	425
NV	0	0	6	1	0	0	6	3	10	10

APDs APPROVED DURING FISCAL YEAR—Continued

State	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
New Mexico ...	524	681	716	600	898	930	960	1,183	1,492	1,475
Utah	178	299	292	157	316	505	463	437	677	770
Wyoming	91	455	682	554	1,569	1,688	1,568	1,623	3,467	3,380
Nationwide	1,020	1,989	2,348	1,759	3,269	3,636	3,540	3,961	6,452	7,018

APDs RETURNED DURING FISCAL YEAR

State	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
AK	0	0	0	1	1	2	21	1	1	0
CA	43	27	22	21	56	24	12	4	5	3
Colorado	7	1	10	16	29	20	51	29	17	30
Eastern States	0	2	1	3	4	6	5	20	13	8
Montana	0	0	6	21	26	18	59	64	79	29
NV	0	0	0	0	0	0	0	0	0	2
New Mexico ...	59	59	105	307	158	310	413	407	165	95
Utah	29	60	65	47	51	34	84	120	178	16
Wyoming	11	25	80	131	298	216	1,645	537	441	535
Nationwide	149	174	289	547	623	630	2,290	1,182	899	718

TOTAL APDs PROCESSED DURING FISCAL YEAR

State	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
AK	1	1	3	7	9	13	33	9	15	8
CA	197	300	432	193	143	96	120	77	114	235
Colorado	66	105	94	169	238	255	259	325	424	638
Eastern States	8	19	35	16	26	33	18	64	76	118
Montana	5	159	127	124	186	186	261	358	292	454
NV	0	0	6	1	0	0	6	3	10	12
New Mexico ...	583	740	821	907	1,056	1,240	1,373	1,590	1,657	1,570
Utah	207	359	357	204	367	539	547	557	855	786
Wyoming	102	480	762	685	1,867	1,904	3,213	2,160	3,908	3,915
Nationwide	1,169	2,163	2,637	2,306	3,892	4,266	5,830	5,143	7,351	7,736

Question 21. How many acres have you put under oil and gas lease during each of the past ten fiscal years? Please display this on a state-by-state basis.

DATA FOR FY 1996 THROUGH FY 2005 (DATA LAST UPDATED DECEMBER 8, 2005)

[Number of Acres Leased During the Year]

Geographic State	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Alabama					7,855	4,486	4,185	8,990	5,077	80
Alaska		684	80	861,318			567,769	11,500	1,403,561	
Arizona			55,921			35,584	6,983	3,040	1,224	22,659
Arkansas	928	39,602	48,011	74,442	21,573	178,785	71,247	95,792	182,158	172,858
California		27,120	39,638	38,430	34,811	25,290	29,079	60,520	34,343	5,629
Colorado	217,896	230,242	336,590	242,911	299,978	594,369	448,029	252,004	241,188	237,406
Connecticut										
Delaware										
Florida					2,018			3,368		
Georgia										
Hawaii										
Idaho					40		5,798	671		
Illinois							112			
Indiana										
Iowa										
Kansas		80	958	2,354	1,154	599	2,378	5,764	1,240	160
Kentucky			1,264		1,143		2,103		4,968	
Louisiana	42,900	5,687	25,442	12,333	322	606	3,033	511	1,366	1,985
Maine										
Maryland			320							
Massachusetts										
Michigan		20,810		18,650	2,337		3,939	4,050		480
Minnesota										
Mississippi	24,945	71,009	78,586	8,524	25,920	19,826	54,755	15,741	41,205	51,600
Missouri										
Montana	299,376	241,346	363,402	289,719	380,273	551,660	293,461	172,874	221,740	313,016
Nebraska	320		760	80	503	7,126		1,880		
Nevada	178,372	293,760	181,938	69,534	235,348	746,400	259,920	116,292	638,632	1,359,085
New Hampshire										
New Jersey										
New Mexico	195,623	329,896	213,957	130,552	190,598	130,193	192,124	239,979	214,756	184,786
New York					172					
North Carolina										
North Dakota	38,139	188,650	67,110	28,705	21,944	52,858	39,354	6,099	82,527	149,814

Question 22a. How many acres of lands administered by the Forest Service and the BLM in states west of the hundredth meridian are currently under oil and gas lease? Please display by state and agency.

Answer. The following is a table listing the acreage under oil and gas leases on BLM and FS-managed lands in states west of the hundredth meridian at the end of FY 2004. (Note: These figures do not include Federally-owned mineral estate under privately-owned surface lands.)

State	BLM		Forest Service	
	Number of leases	Number of acres	Number of leases	Number of acres
Alaska	339	2,757,762	0	0
Arizona	47	97,353	0	0
California	552	285,655	14	4,185
Colorado	4,393	3,818,207	440	446,204
Idaho	3	2,465	0	0
Kansas	45	13,555	291	63,452
Montana	3,001	2,850,939	627	1,208,159
Nebraska	2	240	0	0
Nevada	1,702	3,521,078	14	45,710
New Mexico	7,574	4,645,587	237	215,535
North Dakota	283	106,342	1,253	724,365
Oklahoma	747	93,614	191	80,277
Oregon	17	30,709	8	27,288
South Dakota	134	122,635	20	11,510
Texas	10	2,235	465	357,553
Utah	2,949	3,356,886	337	648,376
Washington	346	510,160	0	0
Wyoming	16,476	12,462,729	628	416,268
Total	38,620	34,678,151	4,525	4,248,882

Question 22b. How much acreage is under lease but not producing?

Answer. Approximately 24 million acres.

Question 22c. What are the reasons for this?

Answer. Each oil and gas lease is effective for 10 years and contemplates that production may not occur immediately, but must occur within the lease period or any extension granted for good cause. Exploration and production companies generally have significant inventories of leased acreage that do not have oil or gas production. These leased acreage inventories are normal and necessary for a company's efficient exploration and production program. For example, companies sometimes desire to lease as many parcels of land as possible in a specific area before beginning exploration activities making it more economical to move needed equipment into the area. Lead time on getting a lease drilled may be many years depending on litigation and time frames to complete NEPA documentation.

There are many other explanations for non-producing leases. Private individuals, as well as companies, often hold leases for speculation. Non-producing leases may be within a unit agreement or development contract and not have been drilled. Some leases are suspended as a result of litigation. Acquisitions and mergers within the industry sometimes result in a company selling or dropping a lease. Changes in corporate priorities resulting in management changes also sometimes lead to a company not developing a lease.

Question 22d. How many of these acres are under lease with no drilling activity occurring? What are the reasons for this?

Answer. The BLM tracks the number of leases and acres in production. However, because drilling activity can be very short-term, in some cases only two to three days, it is very difficult to track current drilling activity. Consequently, the BLM does not track how many acres under lease currently have drilling activity taking place.

Question 23. What is the status of BLM's work on the study required under the EPCA? What areas are currently being evaluated? When will this work be completed? Will your analysis provide information on both the technically recoverable and economically recoverable resources?

Answer. Phase I of the EPCA inventory was completed in 2003. The Phase II draft of the inventory required by the Energy Act of 2000, as amended by the En-

ergy Policy Act of 2005, is currently undergoing review by the Interagency Steering Committee.

Phase II includes and supersedes the areas in Phase I and includes additional areas. The Phase II study areas stretch from Alaska to Florida:

Northern Alaska (NPRA and ANWR 1002 only)	Denver Basin
Montana Thrust Belt	Uinta-Piceance Basin
Powder River Basin	Paradox/San Juan Basins
Wyoming Thrust Belt	Appalachian Basin
Green River Basin	Black Warrior Basin
	Florida Peninsula

Phase II is scheduled for release later this year. It will provide information on technically recoverable resources only.

Question 24. What is the current level of funding and what level is proposed for fiscal year 2007 for the administration of renewable energy development on public lands? Please provide allocation by energy type.

Answer. The BLM manages numerous types of renewable energy production on public lands, including geothermal, wind, solar, hydropower, and biomass production. Proposed funding for 2007, as well as funding since 2001, is summarized in the table below.

BLM RENEWABLE ENERGY—APPROPRIATIONS HISTORY AND 2007 BUDGET REQUESTS (\$000)

Program/issue	2001 request	2002 request	2003 request	2004 request	2005 (post rescission)	2006 (post rescission)	2007 request
Geothermal	300	350	1,300	1,250	1,233	1,214	1,214
Geothermal Steam Act Implementation Fund (Energy Policy Act mandatory funding)	0	0	0	0	0	2,693	0
Renewable ROW primarily wind & solar energy ..	0	0	250	400	644	635	635
Hydropower re-licensing .....	.....	0	300	300	296	291	291
Contribute to biomass energy supply.*	0	0	0	0	235	290	290
Total Renewable Energy	300	350	1,850	1,950	2,408	5,123	2,430
Rescissions .....	.....	.....	.....	.....	1.40%	1.50%	

BLM IS ALSO COMPLETING A WIND ENERGY ENVIRONMENTAL IMPACT STUDY

Wind Energy EIS	N/A	1,169	1,532	32
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*These dollar figures represent project work only and don't account for BLM labor involved in facilitating the use of biomass energy within BLM, the public, and industry.

Question 25. Please provide a table displaying the level of funding requested and enacted for each of the past 10 fiscal years for the Energy and Minerals program.

ENERGY AND MINERALS FUNDING

Fiscal year	Funding requested	Funding enacted
1994	\$71,126,000	\$70,876,000
1995	\$68,479,000	\$68,121,000
1996	\$66,694,000	\$67,049,000
1997	\$67,493,000	\$67,493,000
1998	\$68,263,000	\$70,363,000
1999	\$69,834,000	\$69,944,000
2000	\$72,230,000	\$74,010,000

ENERGY AND MINERALS FUNDING—Continued

Fiscal year	Funding requested	Funding enacted
2001	\$79,889,000	\$79,419,000
2002	\$91,488,000	\$95,393,000
2003	\$104,841,000	\$105,898,000
2004	\$106,565,000	\$108,519,000
2005	\$109,063,000	\$108,181,000
2006	\$106,772,000	\$108,157,000
2007	\$134,705,000	

Question 26. Please describe the status of implementation of the EPACT provision requiring BLM to address the issue of abandoned, orphaned and idled oil and gas wells on lands administered by BLM? How many of each category of well (abandoned, orphaned, or idled) is located on BLM administered lands? Please provide the information by state.

Answer. The BLM and the Forest Service (FS) have been working on a means of ranking orphaned, abandoned, and idled wells as required by the Energy Policy Act. The BLM and FS, together with the Department of Energy, met at the end of February and finalized a priority ranking system for each of these three well categories. These ranking systems will be tested by select BLM and FS offices to determine their usefulness in the very near future. In addition, as also required by the Energy Policy Act, a preliminary meeting was held with the Interstate Oil and Gas Compact Commission in mid-March to discuss this program.

IDLE, ABANDONED AND ORPHANED OIL AND GAS WELLS

State	Shut-in wells	Temporarily abandoned wells	Abandoned wells	Orphaned wells
Alaska	79	6	31	0
California	1,075	769	1,069	1
Colorado	445	99	559	0
Eastern States	188	38	39	0
Montana	223	195	538	0
Nevada	11	18	170	0
New Mexico	1,521	1,009	4,224	14
Utah	357	277	428	18
Wyoming	2,289	1,059	3,685	0
Nationwide	6,188	3,470	10,743	33

Question 27. Section 1811 of the Energy Policy Act of 2005 requires the Department to enter into an arrangement with the National Academy of Sciences to undertake a report relating to water and coalbed methane production. Because water resources are so important in the West, I am interested in seeing that the Department carry out this directive. The NAS report is due back to the Secretary and the Administrator of EPA within 12 months after the date of enactment of EPACT, and the Secretary and the Administrator are to report to Congress within six months after receipt of the NAS report. However, I understand that there are issues regarding resources for this study.

Can you provide me a time-line for carrying out this provision of the law?

Answer. As you know, the Energy Policy Act of 2005 (Act) contains a number of Congressional mandates, many of which have specific deadlines for completion or implementation. In fact, the Act directs the completion of more than 80 tasks by the Department over a period that spans from 45 days to 10 years. Additionally, the Department acts as a cooperating agency on approximately 19 tasks for which other Federal agencies have lead responsibility. The Energy Coordination Council, which was established by the Secretary shortly after the Act's enactment, is responsible for coordinating and tracking the various tasks assigned to the Department under the Act in order to ensure their timely completion. Regarding Sec. 1811, it is my understanding that the Bureau of Land Management has contacted the National Academy of Sciences (NAS) to discuss the report required under Section 1811 of the Act and provided copies of previous studies and reports that have been completed on coal-bed methane. We will continue our discussions with NAS. Those discussions are focused on developing appropriate parameters for a report and deter-

mining the extent to which available data may be used in developing the report. While I cannot provide you with a time line for entering into agreement with the NAS for completion of a report, I will make certain that we continue to inform you of our progress in fulfilling this and other requirements under the Act.

GEOHERMAL

Question 28. The DOI budget shows income of \$2.6 million in FY06 from the geothermal funds created for BLM under the Energy Policy Act (Subtitle B, Section 234) Deposit and use of geothermal lease revenues for 5 fiscal years). The law specifies that these funds are to be used “to implement the Geothermal Steam Act of 1970 and this Act.” However, your budget shows no specific expenditures in its budget for the geothermal program of BLM or other efforts related to the Geothermal Steam Act.

Can you provide an accounting of how these funds will be used by the Department?

Answer. In 2006, BLM plans to spend the \$2.6 million writing geothermal leasing regulations to implement the Energy Policy Act, and processing backlogged applications in Nevada, California and Oregon. In the FY 2007 budget request, these geothermal revenues would be returned to the Treasury if Congress enacts the administration’s legislative proposal.

Question 29. The Office of Management and Budget proposes to repeal provisions of the law that created this fund. But, the fund was created to address the substantial resource problems facing DOI in relation to geothermal energy. The Bureau of Land Management has lease applications that have been pending for over 30 years. BLM also needs resources to administer the new law, write regulations, handle and process permits and environmental reviews that are already backing up, and the USGS needs secure funds to complete the three-year national geothermal resource assessment mandated by the law the first resource assessment in over 30 years.

BLM itself has developed a Strategic Plan for the Geothermal Program, but we understand it lacks the funds to achieve its goals. Without secure funding through the Section 234, how does DOI intend to address these problems? What resource will be included in the budget this year, in FY07 and over the next five years and how will the program achieve expected results?

Answer. BLM will use its annual appropriation of approximately \$1.2 million in base funding within its Oil and Gas Management program to continue managing active leases and perform inspections. BLM expects that continued progress in the development of new geothermal energy operations will require that proponents fund a larger share of needed NEPA documentation and other requirements to issue leases and permits.

Question 30. EPAAct also dedicated 25% of federal geothermal royalties to the county in which they are generated. While expanding geothermal production serves national needs, it also has local costs that this royalty share sought to address. Counties need these resources to address the impact of and infrastructure needs posed by development and to help mitigate local impacts.

Could you provide the Committee with a review of the different revenue sharing provisions in federal law, particularly those regarding federal lands and minerals but not just those under the mineral leasing act, and specify the percentages of revenues that are shared and with what parties?

Answer. The chart attached as Exhibit A provides the various revenue sharing provisions under Federal law.

U.S. GEOLOGICAL SURVEY

Question 31. The administration has placed a strong emphasis on the use of sound science at the Department of the Interior. However, the USGS budget request reflects an overall net decrease from 2006 enacted levels. Please provide a listing of these funding reductions.

Activity/subactivity	All dollar amounts in thousands		
	2006 enacted	2007 request	Change from 2006 enacted
Geologic Resource Assessments	76,534	56,916	-19,618
Hydrologic Monitoring, Assess, & Rsch	142,527	141,876	-651
Cooperative Water Program	62,833	62,171	-662

Activity/subactivity	All dollar amounts in thousands		
	2006 enacted	2007 request	Change from 2006 enacted
Water Resources Research Act Program	6,404	0	-6,404
Biological Research/Monitoring	140,086	135,692	-4,394
Biological Info Mgmt/Delivery	23,794	21,967	-1,827
Enterprise Information Resources	16,900	16,636	-264
Science Support	69,302	67,382	-1,920

Question 32. I am pleased to see that the Budget includes funding for an initiative to support the activities of the NatureServe system.

How does the Department make use of information from the NatureServe system and the network of State natural heritage programs? Does the Department support further partnership efforts with these programs? How does this State-based network help ensure a strong scientific foundation for natural resource decisions and help avoid conflicts over resource use?

Answer. Funding is provided for NatureServe as part of a broader strategy to improve delivery and access of information needed to support Department of the Interior bureaus in the fulfillment of their missions. The funding will support maintenance of the Natural Heritage database, an available database of nationally consistent species and ecosystem information needed for many forms of decision making. The network maintains a continually updated computerized database of information on rare and threatened species and natural communities, tracking the locations of these species and communities. The network databases identify species, natural communities, and ecosystems in need of protection at the local, regional, national, and global levels. For species, the network tracks the scientific name, distribution and population trends, habitat requirements, and ecological relationships. For natural communities, databases contain information on vegetation structure and composition, succession patterns, natural disturbances, and the distribution and rarity of specific community types throughout their geographic range. In addition, the network tracks the quality and condition of each occurrence of a community.

More broadly, program components of the Biological Resources discipline within the U.S. Geological Survey (such as the National Biological Information Infrastructure (NBII), Gap Analysis (GAP), and Status and Trends) will work with NatureServe and other partners to make information on the distribution of rare and endangered species and threatened ecosystems accessible by all Department of the Interior employees in versions that allow field offices to input their own data points and to analyze scenarios on the impacts of alternative management plans. This includes supporting analyses that can be applied to research and monitoring as well as natural resource management needs so that they can incorporate information from a variety of sources to understand the linkages between rare and endangered species and threatened ecosystems and the impacts and (or) effects of invasive species, diseases, climate change and natural hazards.

The Heritage Programs work with the Department of the Interior, including the U.S. Fish and Wildlife Service, the U.S. Geological Survey, the National Park Service, and the Bureau of Land Management, conducting biological inventories and mapping species found on federally owned lands. For example, The National Park Service established a Yellowstone Conservation Data Center, merging data from the Wyoming, Idaho, and Montana state Heritage Programs to form a complete inventory of the rare species found in the Greater Yellowstone Ecosystem. The ecosystem comprises Yellowstone National Park, Grand Teton National Park, and seven adjacent national forests.

Question 33. The budget proposes a significant decrease of \$22.9 million for the Mineral Resources program.

Please describe in detail the activities that are proposed to be cut and the justification for these cuts.

Answer. The Mineral Resources Program conducts basic research in ore deposits, geochemistry, and geophysics and applied research in national and international mineral assessments that benefit States, local governments, industry, and academia, in addition to many Federal programs. Within the current budget priorities, the administration is focusing its efforts in mineral resource assessments and research to those efforts that support the needs of Federal land management programs and expects that universities or other entities will undertake assessments and research that support non-Federal needs. This funding level will keep the core Federal pro-

gram intact, providing the information and analyses that address the Department's strategic plan goals concerning Resource Use.

Under the proposed budget, MRP will conduct three site-specific mineral resource projects and mineral resource assessments for Federal land management agencies in the lower 48 States, provide regional-scale geologic data and mineral resource assessments in three areas of Alaska, complete collection of national-scale data characterizing earth materials, collect data on domestic production and utilization of 100 mineral commodities, and manage four national-scale long term databases.

The proposed reductions will be addressed with the following specific actions:

- Termination of an international collaboration to provide a global assessment of potential for undiscovered mineral resources.
- Discontinuation of research on improving methods of mineral resource assessment and on enhancing applications of GIS to mineral resource assessments.
- Discontinuation of most research and data collection projects, including:
 - Research in the lower 48 States and Alaska on processes that form ore deposits,
 - Geo-environmental research aimed at understanding processes through which metals are dispersed through the environment (the basis for partnerships in watersheds challenged with abandoned mine sites),
 - Industrial minerals research,
 - Application of remotely sensed data to meet the needs of Interior bureaus, including remote characterization of mineral products released at abandoned mine sites and prioritization of specific remediation targets,
 - Research on the human health consequences of mineral materials, including dusts and toxins such as mercury and arsenic, and
 - A comprehensive soil geochemical survey of the United States,
- Elimination of support for at least 8 USGS geochemical and geophysical labs.
- Elimination of the collection of data on international production and utilization of 100 mineral commodities.
- Termination of research and analysis of minerals and materials life cycles, materials flows, and future uses of minerals and materials.
- Elimination of the Mineral Resources External Research Program (MRERP), which makes grants to non-Federal entities to conduct research addressing goals of the Mineral Resources Program.

Question 34. The budget includes an increase of \$1 million for the preservation of geologic and geophysical data. Section 351 of the Energy Policy Act of 2005 requires the Department to implement a data archive system and a national catalog for this data.

Can you please describe the status of your implementation efforts and a time line for implementation?

Answer. Section 351 of the Energy Policy Act requires in subsection (c) that the Secretary submit to Congress by August 8, 2006, a plan for the implementation of the National Geological and Geophysical Data Preservation Program. We have created a National Cooperative Geologic Mapping Program FACA ad hoc subcommittee of data preservation experts that will convene shortly to prepare that report. We already have posted on the Worldwide Web a questionnaire asking Interior bureaus and State surveys what their data needs are so that we can craft a program responsive to their need. The time line for implementation of section 351 will be included in the plan submitted to the Congress.

Question 35. The Energy Policy Act of 2005 requires the U.S. Geological Survey to undertake a national assessment of oil shale resources.

Please describe the work plan and time-line for this assessment.

Answer. The FY 2007 budget proposal requests \$500,000 for FY 2007 to begin the assessment required by the Energy Policy Act of 2005. If that money is appropriated, we expect to begin a two-year effort to assess oil shale resources in the Greater Green River Formation, as required by the Act.

Question 36. Section 348 of the Energy Policy Act of 2005 contains new provisions relating to the North Slope Science Initiative. That provision requires the Secretary to appoint a science technical advisory panel consisting of "a representative group of not more than 15 scientists and technical experts from diverse professions and interests, including the oil and gas industry, subsistence users, Native Alaskan entities, conservation organizations, wildlife management organizations, and academia, as determined by the Secretary."

Please provide a list of all members of this technical panel, stating their organization, area of expertise and identifying what organization or individual nominated them. Are conservation organizations and wildlife management organizations rep-

resented on the panel as required by the law? Does the composition of the panel comport with the requirements of the Federal Advisory Committee Act?

Answer. Only 2 of the 66 nominees we received were for people who work for conservation organizations. None of the appointees work for a conservation organization, but two who were appointed were recommended by conservation organizations. There were no nominees from any wildlife management organizations, nor were there any letters of recommendation from any.

Section 248 of the Energy Policy Act states that the panel “shall consist of a representative group of not more than 15 scientists and technical experts from diverse professions and interests, including the oil and gas industry, subsistence users, Native Alaskan entities, conservation organizations, wildlife management organizations, and academia, as determined by the Secretary” (emphasis added). We do not read this provision as requiring that each of these interests be represented on the panel, particularly since the section allows the Secretary to make the determination of what the representative group should look like. We believe this is a fairly balanced panel. It includes individuals representing a balance of points of view and functions to be performed. The panel is as follows:

Name	Expertise	Affiliation	Nominated by	Term
Arnold Brower, Sr	Traditional Ecological Knowledge Ornithology Terrestrial Ecology Civil Engineering Hydrology Climatology	Retired; North Slope Borough resident.	Mayor George N. Ahmaogak Sr., North Slope Borough	3 years
Dirk Derksen	Ornithology	U.S. Geological Survey	Dr. Tony DeGange, Chief, Biology and Geography, U.S. Geological Survey, Anchorage.	3 years
Douglas Kane	Ecology Civil Engineering Hydrology Climatology	University of Alaska Fairbanks.	Dr. Larry D. Hinzman, Institute of Northern Engineering, UAF, Fairbanks, AK.	3 years
Robert Shuchman	Remote Sensing/ GIS.	Altarum Institute	Dr. Kenneth R. Baker, President and COE, Altarum, Ann Arbor Michigan.	3 years
Matthew Sturm ...	Landscape Ecology Hydrology Climatology	U.S. Army Cold Regions Research and Engineering Laboratory.	James L. Wuebben, PE, Acting Director, Dept. of the Army, CRREL, Hanover, NH.	3 years
Gary Kofinas	Socio-cultural Anthropology. Adaptive Management.	Institute of Arctic Biology, University of Alaska Fairbanks.	Dr. Brian M. Barnes, Director, Institute of Arctic Biology, UAF, Fairbanks, AK.	2 years
Sue Moore	Marine Ecology	National Marine Fisheries Service.	Dr. Douglas DeMaster, Science & Research Director, Alaska Region, NMFS.	2 years
Alvin Ott	Habitat Biology .. Fisheries Biology ..	Alaska Department of Natural Resources.	Dr. Erich Follmann, Institute of Arctic Biology, UAF Mr. Ken Donajakowski, V.P. Health, Safety and Environment, ConocoPhillips Alaska, Inc. Dr. Craig George, Dept. Wildlife Mgmt. North Slope Borough.	2 years
Robert Suydam	Wildlife Biology ... Ornithology	North Slope Borough	Commissioner McKie Campbell, Alaska Department of Fish & Game. Mayor George N. Ahmaogak Sr., North Slope Borough	2 years
Kimberly Titus	Wildlife Biology ... Ornithology	Alaska Department of Fish and Game.	Commissioner McKie Campbell, Alaska Department of Fish & Game.	2 years

Name	Expertise	Affiliation	Nominated by	Term
Alison Cooke	Petroleum Engi- neering, Geology	British Petroleum Alaska	Mr. Steve Marshall, President, BP Exploration (Alaska) Inc., Ms. Barb McAllister, Former Director of Air Quality, U.S. Environmental Protection Agency, Seattle WA. Mr. Tom Chapple, Director, Div. Air Quality, Alaska Dept. Environmental Conservation. Ms. Marilyn Crockett, Deputy Director, Alaska Oil and Gas Association.	1 year
John Kelley	Oceanography Environmental Monitoring, Science Policy	Institute of Marine Science, University of Alaska Fairbanks.	Mayor George N. Ahmaogak Sr., North Slope Borough Dr. Michael Castellini, School of Fisheries and Ocean Sciences, UAF, Fairbanks, AK. Dr. Craig Dorman, VP Academic Affairs and Research, University of Alaska Statewide. Dr. Glenn W. Sheehan, Executive Director, Barrow Arctic Science Consortium.	1 year
Caryn Rea	Wildlife Biology Habitat Biology	ConocoPhillips Alaska, Inc.	Mr. Ken Donajakowski, V.P. Health, Safety and Environment, ConocoPhillips Alaska, Inc. Ms. Marilyn Crockett, Deputy Director, Alaska Oil and Gas Association.	1 year
Dan Reed	Biometrics	General Public	Dr. Lane G. Adams, U.S. Geological Survey, Anchorage .. Dr. Alvin G. Ott, Office of Habitat Management and Permitting, Alaska Dept. Natural Resources.	1 year
Bill Streever	Restoration Ecology.	British Petroleum Alaska	Dr. John W. Schoen, Senior Scientist, Audubon, Alaska .. Dr. John J. Kelley, School of Fisheries and Ocean Sciences UAF, Fairbanks. Dr. Harry R. Bader, Iraq Mesopotamian Wetland Restoration Program, Baghdad/New York. Dr. John W. Day, Dept. of Oceanography and Coastal Sciences, Louisiana State University. Mr. David Banks, State Director, The Nature Conservancy, Alaska. Ms. Gail Bingham, President, Resolve, Portland, OR Mr. Steve Marshall, President, BP Exploration (Alaska) Inc. Ms. Marilyn Crockett, Deputy Director, Alaska Oil and Gas Association.	1 year

MIDDLE RIO GRANDE

Question 37a. The NRCS (Natural Resource Conservation Service) February report notes that snowpack in the entire Rio Grande basin is 34% of average. The Rio Grande streamflow at Otowi gage is projected at 28% of avg. Three years ago, New Mexico cut a deal with Texas so that it could use Rio Grande Compact credits to provide water to meet the flow requirements of the 2003 biological opinion which governs water operations in the Middle Rio Grande. Because of the drought conditions, that credit water will likely all be gone by the end of 2006. This means we are headed for a possible train wreck in 2007, if not sooner, because there will be no reserve supply of water to help satisfy the ESA.

Last year I asked DOI to put together an initiative similar to the high-level attention given to the Klamath basin in Oregon. As trumpeted in the 2005 budget, the President called for a \$105 million investment in the Klamath basin to ensure "an unprecedented level of habitat restoration and water quality and quantity improvements." After receiving assurances from the Deputy Secretary that the Department would present a cross-cut budget almost a year ago, I was disappointed to receive the Department's budget showing an overall 17% cut for the Rio Grande budgets of Reclamation, Fish & Wildlife, USGS, and the BIA.

I'm concerned that we've been living on borrowed time in the Middle Rio Grande but, quite frankly, don't sense a similar urgency on Interior's behalf. The Programmatic EIS that is supposed to be done on the long-term plan & overall recovery program is nowhere near complete despite the fact that it was first announced in June 2003 with projected completion by February 2004.

Why is the Department not working aggressively with others to put together detailed elements of a short and long-term plan to address the ESA issues in the Middle Rio Grande?

Answer. The Department is working aggressively. Since 2000, the Middle Rio Grande Endangered Species Collaborative Program has been successful, bringing together various stakeholders including Federal and State agencies, cities, Pueblos, environmental groups, farmers and business interests in an effort to protect endangered ecosystems while meeting the needs of those who are dependent on the waters of the Rio Grande.

Question 37b. Do you believe there is a big potential problem regarding compliance with the ESA in 2007? If so, isn't the situation worthy of high-level attention at the Department? What will you do to ensure that the Department is doing all it can to address this issue before the train wreck occurs?

Answer. The Department is giving this project high-level attention. Funding for FY 2007 will enable Reclamation to meet the water requirements of the BiOp, including acquisition and management of supplemental water and low flow conveyance channel pumping, as well as to support the transfer of administrative functions to the Corps, to continue administration of more than 90 contracts, grants, cooperative and interagency agreements, including Indian Self Determination Act contracts, and to continue to participate on the Executive Committee, Steering Committee, Program Implementation Team, and various technical work groups. Moreover, Jennifer Gimbel has been appointed the Secretary's representative on Middle Rio Grande issues, and she will ensure that these issues receive the Department's full attention.

CENTRAL VALLEY PROJECT

Question 38. What is the status of the new contracts being negotiated with water user entities associated with the Central Valley Project? Have negotiations been completed? Have the contracts been signed by all parties? Is there any environmental compliance activity being undertaken? Please identify each specific contract that is currently being negotiated, or each contract for which a negotiation has recently been completed.

Answer. The following table contains a summary of the contract renewal status:

Central Valley project renewal contracts	Number	Expected execution date
Total water service contracts	109	
Executed	83	
Remaining:	26	
Awaiting contractor's signature	3	(imminent)
Negotiated; awaiting completion of environmental documentation and Contractor's signature		
San Luis Unit	7	
Cross Valley	8	July 2006
American River: Sac. Co. WA	1	September 2006 ¹
DMC Contract Assignments to Westlands	3	July 2006
Negotiation in progress: Sacramento Municipal Utility District, City of Tracy, San Benito WCD, Santa Clara VWD.	4	August 2006
Total Sacramento River Settlement Contracts	141	
Executed	126	
Remaining (All environmental documentation received):	15	
Problem with contractors signature authority	1	March 2006
No response from contractor after mailing contract.	2	
Contractor in arrears on payments under current contract.	.....	March 2006
Contractor deceased; contract being divided	1	March 2006
Contractor not renewing	10	

¹ Execution date is dependent upon completion of negotiations of conveyance contract between California Department of Water Resources and contractors.

Question 39. How do the terms for the new contracts differ from the terms of the contracts that are expiring with respect to (1) the quantity of water to be provided under the contract; (2) its term; (3) compliance with environmental laws; (4) the federal government's liability for non-delivery of project water; (5) acreage to be served; and (6) the ability to sub-contract the right to receive project water?

Answer. (1) There has been no change between the expiring contracts and the new contracts in the quantity of water to be provided under the CVP water service contracts. However, the contract quantity was reduced in two of the renewed Sacramento River Settlement contracts the Anderson-Cottonwood Irrigation District contract was reduced from 165,000 acre feet of base supply and 10,000 acre feet of Project water (175,000 acre feet total) to 121,000 acre feet of base supply and 7,000 acre feet of Project water (128,000 acre feet total) in the renewal contract, and the Sutter Mutual Water Company contract was reduced from 172,900 acre feet of base supply and 95,000 acre feet of Project water (267,900 acre feet total) to 169,500 of base supply and 56,500 of Project water (226,000 acre feet total) in the renewal contract.

(2) Although the expiring water service contracts had varying terms, most were for terms of 40 years. The term of the renewal water service contracts are as follows:

- Irrigation only and mixed irrigation/M&I contracts are 25 years with the right to renew for successive terms upon the satisfaction of certain conditions;
- M&I-only contracts were renewed for a term of 40 years with successive 40 year renewals. The term of both the old and renewal Sacramento River Settlement Contracts is 40 years.

(3) Many of the original contracts were negotiated and executed before the passage of the National Environmental Policy Act (NEPA) and the Endangered Species Act (ESA). Those expiring contracts which were negotiated and signed after passage of NEPA and ESA were subject to those acts. NEPA and ESA have been/will be fully complied with for all of the renewal water service and Sacramento River Settlement contracts.

(4) The expiring water service contracts contained a variety of water shortage liability provisions depending upon when the contract was negotiated and signed. The liability provision of the renewal water service contracts is uniform throughout the new and proposed contracts and is as follows:

“If there is a Condition of Shortage because of errors in physical operations of the Project, drought, other physical causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer to meet legal obligations then, except as provided in subdivision (a) of Article 18 [arbitrary and capricious actions] of this Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom.”

The liability provision in the renewal Sacramento River Settlement Contract differs from that in the original contracts in that subarticle 3(h)(4)(i) has been added to the language that was used in the expiring contracts:

“3. (h) The United States assumes no responsibility for and neither it nor its officers, agents, or employees shall have any liability for or on account of:

- (1) The quality of water to be diverted by the Contractor;
- (2) The control, carriage, handling, use, disposal, or distribution of water diverted by the Contractor outside the facilities constructed and then being operated and maintained by or on behalf of the United States;
- (3) Claims of damage of any nature whatsoever, including but not limited to, property loss or damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of said water outside of the hereinabove referred to facilities; and
- (4) Any damage whether direct or indirect arising out of or in any manner caused by a shortage of water whether such shortage be on account of errors in operation, drought, or unavoidable causes.

(i) In addition to the provisions of subdivision (h) of Article 3 of this Contract, if there is a shortage of Project Water because of actions taken by the Contracting Officer to meet legal obligations then, except as provided in subdivision (a) of Article 30 of this Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom.”

(5) There is almost no variation in the total irrigable acreage of the Central Valley Project between the expiring contracts and the renewal contracts. On average approximately 3 million acres are irrigated with CVP water. The precise figure will vary depending upon inclusions and exclusions from districts.

(6) Base water supplied under the Sacramento River Settlement Contracts is appurtenant to the land and may therefore not be subcontracted. Project water included under the Sacramento River Settlement Contracts and the renewed water service contracts may be sold or transferred to or exchanged with others for reasonable and beneficial use within the State of California if consistent with applicable State or Federal law and with the prior written approval of the Contracting Officer. Generally, sub-contracts are not specifically authorized or prohibited by the general contract language. Article 39 of the County of Colusa contract specifically allows the County to enter into subcontracts.

Question 40. What are the terms related to a project contractor’s right to resell project water in the new contracts? Is the right to receive water pursuant to the contracts conditioned on the ability of a district to beneficially use such water? Has the Bureau of Reclamation performed an analysis of each district’s ability to beneficially use the water identified for delivery under the contracts?

Answer. As discussed in the answer to the previous question, the terms related to a project contractor’s right to resell water varies but generally subcontracts are not specifically authorized or prohibited under general contract language. An exception to this is that base water supplied under the Sacramento River Settlement Contracts is appurtenant to the land and cannot be subcontracted. Beneficial use is included as a condition of the contracts: Article 3(d) of the water service contracts provides that the Contractor shall make reasonable and beneficial use of all water furnished pursuant to the contract. A water needs assessment was performed for each contractor prior to negotiation of the renewal contract.

WATER PROGRAM FUNDING—OVERALL & DOI-SPECIFIC

Question 41. I’m surprised at how the President’s budget treats water resource programs across the board. It proposes a 13% cut to EPA’s Clean & Safe Water Programs; an 11% cut to the Army Corps of Engineers water resource budget and a 21% cut in USDA’s water and waste disposal grant program. Relative to the other programs, Interior did not do as bad as the other agencies. Reclamation is proposed for a 5% cut in FY 2007, the same as USGS’s water research program.

I put water in the same category as energy a resource that is absolutely essential to the economic stability of our communities. The trend for water-related funding in the 2007 budget paints a very troubling picture.

Does the administration view the importance of water differently than I do? Is there an overriding philosophical view that water is a state and local problem and therefore the federal government should reduce its involvement in helping them to solve their water resource issues?

Answer. Water is one of the scarcest resources in some of the fastest growing areas of the Nation. It is the lifeblood and foundation of the American West. The Bureau of Reclamation's core mission continues to be to deliver water to its customers, but the administration recognizes that as water supply-demand challenges increase in the West, opportunities for crises and conflict are rife. The prevention of crises and conflicts over water supplies is important to ensure the continued economic vitality and social cohesiveness of the nation. While the best solutions will be driven by local needs and developed by State and local stakeholders who know the on-the-ground situations, the Federal government can and should provide incentives for cooperation and efficient management of water resources wherever possible. Water 2025 affirms the importance of this Federal role by focusing resources on increasing certainty and flexibility in water supplies, diversifying water supplies, and preventing crises through added environmental benefits in many watersheds, rivers and streams. However, Federal resources are scarce, which is why the Water 2025 program focuses those resources identified as Hot Spot' areas. Although other programs may not utilize the specific criteria that the Water 2025 program uses, we must target Federal resources on water development where it can make the most impact.

Question 42. With respect to Interior's budget, I'm very concerned about the some of the specific cuts to water programs. I mentioned that Reclamation and USGS were proposed for 5% cuts. Unfortunately, some of the accounts to assist Indian tribes with water resource issues were cut substantially more. BIA's two primary accounts for water planning and water rights negotiation are proposed for a 25% cut, and Reclamation's Native American program is proposed for a 25% cut.

Why are Native American water programs singled out for substantially higher cuts than other programs? Is the administration trying to avoid having an active water rights negotiation program so that it can avoid expensive Indian water rights settlements? Won't the result of these cuts be to force more litigation and less cooperation in resolving contentious water rights claims?

Answer. Native American water programs are not being singled out for substantially higher cuts than other programs. The 2007 budget provides \$13.5 million for these programs. This funding will adequately support litigation by the United States to determine title to Indian water, which is the core trust responsibility and highest priority among water related needs. The funding will also support tribal consultation, tribal participation in litigation and negotiation, and high priority tribal water resource management functions.

The administration is not trying to avoid having an active water rights negotiation program nor are we interested in more litigation and less cooperation in resolving contentious water rights claims. This does not mean however that we will agree to an unacceptable level of Federal financial contribution just to settle a case.

Additionally, the BIA has established a new system for ranking water rights/resource funds. The new system ensures objective application of criteria under which the highest priority for funding goes to activities necessary to protect trust resources.

Question 43. I've been working closely with the New Mexico Interstate Stream Commission and local entities on two major water supply projects the Navajo-Gallup Pipeline Project and the Eastern New Mexico Rural Water System. These projects are very critical to the future of New Mexico, as demonstrated by the millions of dollars of state funding provided by the State over the last 3 years. The staff at the Department of the Interior have raised several issues concerning each project and have indicated that they need to be involved in planning and evaluating these projects if Reclamation is to support project authorizations. Yet, the President's budget requests no funding for either project.

With not even a minimal amount of funding to support the Bureau of Reclamation's staff involvement, how do you expect to be an equal partner with the State and local communities in resolving the issues raised by Reclamation with regard to these projects? Are there carry-over funds available to continue Reclamation's involvement? If so, how much for each project?

With respect to the Navajo-Gallup pipeline project, it is my understanding that Reclamation is supposed to complete an EIS and Record of Decision. Has that been done? If not, how will Reclamation complete that work with no funding?

Answer. With respect to the Eastern New Mexico pipeline, Reclamation is preparing a review of the proposed pipeline's engineering design to be completed by mid-April. However, this design and the associated cost estimates submitted by the Eastern New Mexico Rural Water Authority's consultant are viewed as preliminary. Additional appropriations will not be required to review the preliminary design, but additional work would be needed to develop a complete feasibility analysis and report.

With respect to the Navajo-Gallup pipeline, a draft EIS is close to completion and we are nearing the public comment period. Some carryover funds are anticipated to be available after the comment period to continue the required environmental analyses.

COLORADO RIVER

Question 44. What environmental compliance activities is Reclamation currently undertaking related to proposed actions affecting the water supply available from the Colorado River? For each of these environmental compliance activities, please describe the purpose and details related to the contemplated action, and the time frames scheduled for completing the environmental review.

Answer. Aside from the EIS on Colorado River management mentioned previously, Reclamation is pursuing two activities (Laguna Dam Restoration and construction of the Drop 2 Storage Reservoir along the All-American Canal) that would allow Colorado River water that would have otherwise been released to Mexico in excess of treaty requirements to be captured and used within the United States. Completion of design and compliance activities for both projects is targeted for the fall of 2006.

Implementation of the Lower Colorado River Multi-Species Program (MSCP) began in April 2005 with the signing of a Record of Decision by the Secretary of the Interior. The MSCP is a coordinated, comprehensive, long-term multi-agency effort to conserve and work towards the recovery of endangered species, and protect and maintain wildlife habitat on the lower Colorado River. It provides coverage under the Endangered Species Act for operations along the River. Implementation activities are based on adaptive management principles, which allow program conservation measures to be adjusted over time based on monitoring and research.

Question 45. The 7 states in the Colorado River Basin recently sent you a letter providing recommendations for the Department's proposed EIS on Colorado River Reservoir Operations. In that letter they identified a package of actions that they would move forward in implementing in 2006 (e.g. a demonstration program for extraordinary conservation in 2006, system efficiency projects, preparation of an action plan for system augmentation through weather modification, etc. . . .).

Will Reclamation be providing financial or technical assistance to the States to help them implement their proposed set of actions?

Answer. Reclamation will continue to provide technical assistance to the States to help evaluate and implement their proposed short-term actions. To date, the States have not requested any financial assistance. In late February, the Metropolitan Water District of Southern California requested that Reclamation commence a demonstration program in 2006 and 2007 for the creation of "Intentionally Created Surplus" through extraordinary conservation measures. (The pilot program was outlined in the letter from the Basin States). Reclamation is currently working on appropriate consultation requirements and compliance activities to start the demonstration program in 2006.

Additionally, the Southern Nevada Water Authority has put out a request for proposal (RFP) for a consultant to assist the Basin States in searching out ideas for solving water supply issues within the Basin.

Question 46. What actions has the Department taken to implement the Arizona Water Settlements Act? Please identify what resources in the 2007 budget the Department has proposed for implementation activity.

Answer. The Department has been devoting significant resources to the tasks required for implementing the Arizona Water Settlements Act (Act). Implementation teams have been established for each of the three major titles in the Act. The teams have identified remaining implementation tasks and the timeframes within which these tasks must be accomplished to meet the Act's enforceability deadline of December 31, 2007. One of the biggest steps toward full implementation of the Act occurred on December 21, 2005, when Secretary Norton executed the Gila River Indian Community Water Rights Settlement Agreement and the New Mexico Consumptive Use and Forbearance Agreement. Prior to execution, the Department's implementation team worked closely with the parties to these two agreements to assure that they conformed to, and did not conflict with, the Act. This process required

repeated review and refinement of more than 1,800 pages of agreements, attachments, exhibits, stipulations and other documents. The Department recently has completed its review of the Tohono O'odham Settlement Agreement and expects that it will be executed within a matter of weeks.

Implementation activities will be carried out in 2007 by BIA, Reclamation, the Solicitor's Office and the Secretary's Indian Water Rights Office utilizing the basic operational funds for each of these entities.

RECLAMATION—GENERAL

Question 47. In the recent National Research Council Report on the Bureau of Reclamation's role in the 21st Century, there is much discussion of sustaining Reclamation's water and power infrastructure assets.

Has Reclamation performed a west-wide survey and inspection of its infrastructure and developed a comprehensive O&M plan, particularly with respect to major repair and modernization needs?

Answer. Reclamation law generally provides that project beneficiaries are responsible for their allocated share of O&M costs on the projects serving them. Reclamation is responsible for the share of O&M costs that is allocated to public purposes, such as fish and wildlife benefits and flood control. As part of our Managing for Excellence Action Plan, Reclamation is in the process of creating a database that will give us an understanding of the business status of the facilities it owns. Needed information includes the construction investment in the facility, the cost allocation, the repayment status, the O&M allocation, the annual commitment of Reclamation funding to O&M, the design life, the facility condition, and any known or planned significant future investments for Safety of Dams work or major rehabilitation needs. This Bureau-wide, project-by-project information will be invaluable for future decision making regarding what actions relating to those facilities make sense, and who should carry them out. Furthermore, in line with the findings of the administration's PART evaluation of Reclamation's Water Management-Operations and Maintenance program, the administration is developing a comprehensive strategy for proactively addressing the long-term challenges posed by aging infrastructure.

Question 48. Reclamation's Managing for Excellence action plan indicates that it will take approximately \$10 million to carry-out the tasks contemplated in the plan, and that the resources will be made available by reprioritizing existing activities.

How will this impact ongoing operation, maintenance, or environmental compliance activities associated with Reclamation projects?

Answer. The Action Plan provides for full implementation of all action items by December of 2007. Reclamation's reprioritization of funds will be carried out consistent with an absolute commitment to ensure that all activities vital to Reclamation's core mission, including ongoing operation, maintenance, and environmental compliance responsibilities, are unaffected. We anticipate that implementation of the action items will result in significant improvements in the efficiency of Reclamation's management. This would ultimately translate into improved capacity to carry out all aspects of Reclamation's mission, including operation, maintenance, and environmental compliance.

INDIAN ENERGY

Question 49. Please outline all the activities being undertaken by the Department of the Interior to implement Title V of the Energy Policy Act of 2005. Please be specific as to time frames and the resources being expended (or proposed for expenditure) to increase federal support for Indian energy development and the electrification of tribal lands pursuant to Sections 503/2602-2604.

Answer. The FY 2006 appropriations bill was signed prior to the enactment of the Energy Policy Act of 2005. However, for FY 2006 the Department has provided \$350,000 from other sources to promulgate Tribal Energy Resource Agreement (TERA) regulations. With these funds, the Department was able to conduct 10 consultation meetings throughout Indian Country and, based on those meetings, is currently developing draft regulations. We anticipate having the draft regulations out for public review within the next few months. Additional consultation meetings will follow. The President's FY 2007 budget request includes \$2 million to implement the TERA regulations and provide technical assistance grants to Tribes wanting to develop their energy resources.

U.S. GEOLOGICAL SURVEY

Question 50. It is my understanding that USGS is participating in the U.S. Climate Change Science Program. Could you please detail what activities USGS is con-

ducting under this program and how much was expended for this effort in 2005; planned for 2006; and budgeted for 2007? What accounts is being used to fund these activities?

Answer. USGS Contributions to the Climate Change Science Program

CARBON CYCLE

USGS research is conducted in cooperation and partnership with other agencies and academic collaborators in direct support of the Carbon Cycle Science Program. USGS carbon cycle research includes the following activities:

- Carbon sequestration in sediments—Redeposition of eroded soils and sediments and their associated organic carbon is sequestering large quantities of carbon, buried at the base of slopes and in wetlands, riparian areas, reservoirs, etc.
- Landscape dynamics and vegetation change—Research examines the long-term dynamics of vegetation change and the impact of climate. A detailed history of vegetation change in the Western U.S. is being constructed based on the paleobotanical record of pollen and plant tissues preserved in packrat middens and buried in sediments.
- Fate of Carbon in Alaskan Landscapes—Cold region forests (boreal ecosystems) contain large carbon reserves that are highly susceptible to changes in climate. Changes in fire and seasonal temperatures may cause changes in ecosystem structure, permafrost recovery, nutrient cycling, and carbon exchange. Central to the fate of these C reserves is the interaction between fire occurrence and permafrost changes in the surface layers. Process studies and modeling are being expanded to better understand the historic and modern interactions among climate, surface temperature and moisture, fire, and terrestrial carbon sequestration.
- Exchanges of Greenhouse Gases, Water Vapor, and Heat at the Earth's Surface—Atmospheric turbulence transports greenhouse gases (notably: CO₂, methane, and nitrous oxide), water vapor, and heat between Earth's land and water surfaces and the overlying atmosphere. These exchanges influence climate, viability of ecosystems, distribution of biomes, and the quantity of both surface and ground-water.

IMPACTS ON TERRESTRIAL AND COASTAL ECOSYSTEMS, WETLANDS, FISH, AND WILDLIFE

Biology and ecosystem-focused global-change related research in the USGS encompasses the themes of:

- bird and habitat interactions;
- potential changes in arid and semiarid ecosystems with changes in climate, management of resources, and uses;
- coastal and interior wetland ecosystems;
- sensitive species and island ecosystems;
- watershed biogeochemistry; and
- regional ecosystem responses to climatic change in and among mountain systems.

USGS research focuses on multiple stresses to U.S. Department of the Interior (USDOI) lands including climate change, human population growth, land use change, air and water pollution, habitat fragmentation, and invasive species.

Coastal wetlands are among the most productive ecosystems in the world and are vulnerable to the effects of sea level rise associated with global warming. Determining the potential for wetland submergence is a critical first step for managing these valuable coastal habitats into the next century. Research conducted by USGS has improved our understanding of the natural processes controlling wetland elevation and the potential for submergence of our coastal wetland habitats.

Wildland fire is a serious and growing hazard over much of the United States, posing a great threat to life and property. The USGS conducts fire related research to meet the varied needs of the fire management community and to understand the role of fire in the landscape; this research includes fire management support, studies of post-fire effects, and a wide range of studies on fire history and ecology.

HYDROCLIMATOLOGY

The Global Change Hydrology Program was begun in 1990 to develop data, understanding, and predictive capabilities related to water and associated aspects of carbon and greenhouse gases as they interact with global systems. Global Change Hydrology has two broad components: 1) investigations of hydroclimatic variability, and 2) studies of the biogeochemistry of greenhouse gases. This includes identifica-

tion of seasonal variations in regional streamflow in relation to atmospheric circulation (for regional streamflow prediction and flood/drought hazard assessment); the linkage between atmospheric circulation and snowpack accumulation (for forecasting spring and summer water supply in the western United States and for flood forecasting) as well as glacier mass balance; and the physical and chemical variability in riverine and estuarine environments in relation to large-scale atmospheric and oceanic conditions (to discriminate natural from human-induced effects on such systems). It also includes documenting the long-term behavior of hydrologic systems in response to past climatic variations and changes (from decades to hundreds of thousands of years) as well as more recent (decadal) hydrologic trends.

The U.S. Geological Survey initiated the Water, Energy, and Biogeochemical Budgets (WEBB) program in 1991 to understand the processes controlling water, energy, and biogeochemical fluxes over a range of temporal and spatial scales and to understand the interactions of these processes, including the effects of atmospheric and climatic variables. WEBB research watersheds form a geographically and ecologically diverse set of environments for investigating the interactive effects of changes in CO₂, climate, and biogeochemistry on the terrestrial carbon cycle; how global change will affect biogeochemical interactions with the hydrologic cycle and surface energy balance; and how global change will affect biogeochemical controls over the transport of water, nutrients, and materials from land to freshwater ecosystems.

CLIMATE HISTORY IN ALASKA

Sampling of deposits (bogs, lakes, and natural exposures) that contain fossil pollen, plant macrofossils, and sometimes ostracodes and diatoms allows reconstruction of the late Pleistocene and Holocene history of environmental change in southern Alaska, focusing upon the past 50,000 years. High-latitude ecosystems are highly sensitive to climatic change, and therefore understanding their history of environmental responses to past climate changes provides not only information about those past responses but also provides a basis for predicting future responses to a variety of possible climatic scenarios. So far the project has focused upon the late Quaternary history of Tongass National Forest in southeastern Alaska, Chugach National Forest, and adjacent areas of south-central Alaska, and Western Alaska.

GLACIER STUDIES

Glaciers are particularly sensitive to changes in regional and global climate. Seasonal changes in sea ice and snow cover and decadal changes in glacier area can be monitored regionally and globally with image data from Earth-orbiting satellites. The U.S. Geological Survey has played a leading national and international role in using satellite image data to provide baseline data and other information about glaciers from a global perspective. NASA and USGS scientists are also carrying out experimental geodetic airborne, satellite laser altimetry, radar interferometric, and other remote-sensing surveys of glaciers. The 11-volume Satellite Image Atlas of the World (USGS Professional Paper 1386 A-K) is being compiled by more than 80 scientists representing 45 institutions and 25 nations, and includes a compilation of accurate maps (in both printed and digital formats) which show coastal changes in floating (ice fronts) and grounded (ice walls) glacier ice during the past 30 years.

The world's glaciers react to and interact with changes in global and regional climates. Most mountain glaciers have been retreating since the latter part of the 19th century.

Grinnell Glacier in Glacier National Park, Montana; photograph by Carl H. Key, USGS, in 1981. The glacier has been retreating rapidly since the early 1900's. The arrows point to the former extent of the glacier in 1850, 1937, and 1968. Mountain glaciers are excellent monitors of climate change; the worldwide shrinkage of mountain glaciers is thought to be caused by a combination of a temperature increase from the Little Ice Age, which ended in the latter half of the 19th century, and increased greenhouse-gas emissions.

USGS scientists are closely monitoring glaciers in Alaska to document if climate change is impacting Alaska's temperate glaciers. The USGS assessment shows that throughout the state, more than 98% of valley glaciers that terminate at an elevation below 1,000 m are retreating, thinning, or stagnating. Since 1986, Hubbard Glacier, one of the few advancing glaciers, has twice temporarily blocked the entrance to Russell Fiord. Glaciers and ice sheets are sensitive indicators of changing climate. On a global basis, the USGS is combining field observations with satellite- and aerial-remote-sensing to compile a baseline inventory of the health of Earth's glaciers during the first decade of Landsat, 1972-1981. This compilation serves as a benchmark for documenting cryosphere change on a global scale. Additionally, the

USGS has produced the longest glacier mass balance record in North America. This forty-year-long record has provided a unique record of glacier response to climate variations in the latter half of the 20th century. The South Cascade Glacier in Washington, one of the USGS monitoring sites, has dramatically retreated, losing 20 m of water equivalent averaged over the entire surface of the glacier since the mid 1970's.

CLIMATE-VEGETATION MODELING

Vegetation changes caused by climatic variations and/or land use may have large impacts on forests, agriculture, rangelands, natural ecosystems, and endangered species. Climate modeling studies indicate that vegetation cover, in turn, has a strong influence on regional climates, and this must be better understood before models can estimate future environmental conditions. To address these issues, the USGS is investigating vegetational response to climatic change, and vegetation-land surface impacts on climate change. The project involves calibration of the modern relations between the range limits of plant species and climatic variables that are then used to:

- estimate past climatic fluctuations from paleobotanical data for a number of time periods within the late Quaternary;
- 'validate' climate model simulations of past climates;
- explore the potential influences of land cover changes on climate change; and
- estimate the potential future ranges of plant species under a number of future climate scenarios.

IMPACTS OF VOLCANIC EMISSIONS

Gases from volcanoes give rise to numerous impacts on climate, the environment, and people. U.S. Geological Survey scientists are inventorying gas emissions at many of the almost 70 active volcanoes in the United States. This effort helps build a better understanding of the dynamic processes at work on the Earth's surface and is contributing important new information on how volcanic emissions affect global change. A significant component of volcanic gas research involves measuring the quantities of gas that volcanoes release into the atmosphere. Huge amounts of volcanic gas, aerosol droplets, and ash are injected into the stratosphere during major explosive eruptions. Some gases, such as carbon dioxide, are greenhouse gases that promote global warming, while others, like sulfur dioxide, can cause global cooling, ozone destruction, and polluted air known as volcanic smog or "vog". Studies of volcanic emissions allow scientists to compare volcanic gas output to emissions from man-made sources and to assess the effects of both past and future eruptions on the Earth's climate.

EOLIAN HISTORY OF NORTH AMERICA

Eolian (wind-blown) deposits are both a blessing and a curse: they contain a valuable record of past climate changes but are deposits that could be reactivated in the future, with serious consequences for the natural resources, food supply, infrastructure, and wildlife of the country. This project researches the records of climate change in eolian deposits of the U.S. and assesses the potential for renewed activity of wind-blown sediments.

The objectives of this study are:

1. to test hypotheses about the role of dust in climate change;
 2. to investigate records of natural climate variability in loess (dust) deposits;
 3. to understand the processes responsible for sand dune activity in the U.S.;
- and
4. to assess the potential for reactivation of stabilized sand dunes in the U.S. under changing conditions of climate and land use.

The approach used in this study of windblown sediments is to examine stratigraphic sections where detailed records of past climate change can be found. Sediments are analyzed for their age, composition and source materials. In assessing the potential for future reactivation of eolian sediments, study is made of (1) modern eolian sands that are active now and the environmental factors that favor such activation, and (2) study of past geologic periods when eolian sands were active.

The areas of study for the project include the Central Lowlands (Midwest), the Great Plains, the western United States, and Alaska. Some cooperative work has also been done with the Geological Survey of Canada in the Prairie Provinces of Canada.

Sand dunes and eolian sheet sands are widely distributed over the southwestern United States, particularly in the southern Great Plains and the southwestern deserts and high plateaus. In the driest parts of the southwest, there are areas of active sand dunes, but most parts have dunes that are stabilized by vegetation and the sand is not moving at present.

The biggest impacts of active sand dunes in the Colorado Plateau region would be on the Navajo and Hopi people, whose reservation land is either on, or downwind of, the largest areas of sand dunes. Many Navajo and Hopi homes are on or near sand dunes; reactivation of dunes would obviously have a negative effect on living conditions. Sheep and cattle are important to the economy of the Navajo and Hopi, and much of the vegetation required for grazing is dune vegetation. In addition, dry farming is practiced in much of the area, some of it on sand dunes. Thus, reactivation of sand dunes in the area would have serious impacts on living conditions, grazing, and farming.

PERMAFROST MONITORING

The Department of the Interior's permafrost network in Alaska is part of a global network of permafrost monitoring stations (GTN-P) designed to monitor for changes in the solid-earth component of the earth's cryosphere. Changes in permafrost temperature and active-layer thickness reflect changes in surface climate over time, and therefore serve as useful indicators of climate change. GTN-P is one of several global networks designed to monitor for changes in the terrestrial component of the earth's climate system. The GTN-P network is able to monitor the active layer (the surface layer that freezes and thaws annually) and the thermal state of the underlying permafrost. Active layer measurements are made using automated semi-permanent surface instrument stations, whereas the deeper permafrost is monitored through periodic downhole temperature measurements in boreholes. DOI's contribution to GTN-P results from collaboration among USGS, U.S. Bureau of Land Management, and U.S. Fish and Wildlife Service.

INTERACTIONS OF CLIMATE WITH PHYSICAL, BIOGEOCHEMICAL, HYDROLOGIC, AND HUMAN SYSTEMS, SOUTHWESTERN U.S.

USGS and collaborating scientists are seeking to understand how climate and land use have influenced surficial geologic processes that modify landscapes and ecosystems. Combined with monitoring of current conditions, such understanding is then used to model the landscape's response to future changes in climate and land use over time-scales of seasons, years, and decades. The information and interpretations can be used by federal, state, and local agencies, as well as by Native American governments, for land-use planning, management of resources, and remediation of human-health hazards. Project scientists work with other geologists, biologists, hydrologists, geographers, cartographers, educators, and archeologists to address questions about:

1. The interaction of physical and biologic processes critical for ecosystem functions.
2. The role of eolian dust for soil fertility, invasion of exotic species, hydrology, and surface stability in deserts.
3. The causes and timing of changes in alluvial environments (rivers, streams, hillslopes), such as flooding, the cutting and filling of arroyos, and sediment discharge.
4. The interrelations among climate, vegetation, and eolian (wind-related) processes.
5. Landscape stability of the Navajo and Hopi Nations in relation to climatic variability as well as historic and pre-historic land use; here, we also assess causes of high levels of arsenic and uranium in groundwater and springs, and we help develop a culturally-based K-12 earth-science curriculum.
6. The soil-ecologic habitats of the fungal spore pathogen that causes Valley Fever through airborne transmission; potential hazards to human health related to land use, climate, and dust generation.
7. How future climatic variations will affect the Southwestern land surface (in terms of flooding, landslides, erosion, sand-dune activity, dust-storm frequency).
8. How prehistoric cultures adjusted to past climatic changes and environments.

Automated Remote Digital Imaging System (ARDIS) is a means of automatically acquiring color digital images of dust storms. The images are used to determine the directions from which dust particles become airborne, the intensity and duration of the dust event, and the meteorological conditions at the time, in conjunction with

nearby CLIM-MET stations. The system is placed on top of a mountain to provide views of dust events from 9-20 km away.

CLIM-MET stations are meteorological/geological stations that are designed to function in remote areas for long periods of time without human intervention. These stations monitor weather variables including temperature, wind, and precipitation; site variables including soil moisture and temperature, and eolian particle movement; and collect samples of dust for mineralogical and geochemical analyses. Data are automatically recorded at regular intervals.

SEA-LEVEL CHANGE

Global sea level and the Earth's climate are closely linked. As the climate has warmed following the "Little Ice Age" in the 19th century, sea level has been rising about 1 to 2 millimeters per year due to the reduction in volume of ice caps, ice fields, and mountain glaciers in addition to the thermal expansion of ocean water. If present trends continue, including an increase in global temperatures caused by increased greenhouse-gas emissions, many of the world's mountain glaciers, will disappear. For example, at the current rate of melting, all glaciers will be gone from Glacier National Park, Montana, by the middle of the 21st century. During cold-climate intervals, sea level falls because of a shift in the global hydrologic cycle: water is evaporated from the oceans and stored on the continents as large ice sheets and expanded ice caps, ice fields, and mountain glaciers. Global sea level was about 125 meters below today's sea level at the last glacial maximum about 20,000 years ago. Sea levels during several previous interglacials were about 3 to as much as 20 meters higher than current sea level. The evidence comes from two different but complementary types of studies. One line of evidence is provided by old shoreline features. Wave-cut terraces and beach deposits from regions as distinct as the Caribbean and the North Slope of Alaska suggest higher sea levels during past interglacial times. A second line of evidence comes from sediments cored from below the existing Greenland and West Antarctic ice sheets. The fossils and chemical signals in the sediment cores indicate that both major ice sheets were greatly reduced from their current size or even completely melted one or more times in the recent geologic past. The USGS role in sea-level research is national in scope and ranges from remote sensing and geologic mapping of wetlands to studies of coastal erosion and evidence of older shorelines in the geologic record.

Question 51. I am very disappointed to see the proposal to cut \$2 million from USGS's cooperative water program, which I view as very important in helping states and local communities manage water resources and plan for times of shortage. The USGS recently entered into a Joint Funding Agreement with the New Mexico Interstate Stream Commission to perform a hydrologic study of the Salt Basin aquifer. I believe the State is prepared to invest more money into this agreement.

Will additional matching federal funds be available for this effort in 2006? If implemented, will the \$2.0 million proposed cut to the program affect the Salt Basin study?

Answer. The USGS has signed a joint funding agreement with the New Mexico Interstate Stream Commission for FY 2006, for \$25,000 in USGS funding and \$25,000 in funding from the Commission. In FY 2006, the USGS is writing a study plan, and there is a possibility that work would be expanded in July-August-September 2006, based on whatever additional matching funds the Commission is able to obtain for the State's next fiscal year (which begins in July). If the Commission is able to obtain the matching funds, the USGS may dedicate an additional \$15,000-25,000 (on top of the current agreement) for further work in the last quarter of FY 2006.

Work is planned to continue in FY 2007, ramping up to a level of about \$200,000. However, some of the resources to ramp up the study in FY 2007 would come from projects that are ending in FY 2006. Since the FY 2007 proposed reduction for the Cooperative Water Program is targeted at studies that are ending, the USGS may have to reduce the scope of work planned in FY 2007 for the Salt Basin aquifer. But it is likely that the study will continue in FY 2007 at some funding level, because the USGS considers this to be a high-priority area.

BUREAU OF INDIAN AFFAIRS

Question 52. I understand that all road construction projects on the Navajo Nation have stopped because of a long-standing disagreement between the BIA's Navajo Regional Office (NRO) and the Navajo Nation Archeology Department. As I understand it, at issue is the administrative fee allowed under the 638 contract with NRO for cultural resource studies associated with road construction projects.

In light of the continuing impact on all of Navajo's road projects, what specific actions is your office or the BIA taking to help resolve this issue in a timely fashion.

Answer. Although a disagreement with the Public Law 93-638 contractor, the Navajo Nation Historical Preservation Department, exists, the Bureau of Indian Affairs' (BIA) Navajo Regional Office reports that road construction projects on the Navajo Nation have not stopped. On March 10, 2006, the Navajo Nation representatives and the BIA met to further discuss and resolve the Navajo Nation Archeology Department fee issue. The meeting has led to an accord for a procedure to reach a final settlement.

Question 53. Once again, the Department's budget seeks to limit funding for the Navajo Indian Irrigation Project (NIIP) (\$12.6 million for construction). In response to questions about the 2006 budget, the Department indicated that the BIA was negotiating an MOU with the Navajo Nation to "turnover" NIIP facilities, and that this MOU was a prerequisite to the construction of additional facilities authorized for NIIP.

What is the status of the negotiations on the MOU. Is the Department pursuing these discussions in good-faith basis with the Navajo Nation? What will happen if an MOU is not completed in the near future?

Answer. The BIA was negotiating with the Navajo Nation to establish a memorandum of understanding (MOU) identifying activities and addressing responsibilities to initiate the turnover of completed Blocks to the Navajo Nation. These negotiations are on hold pending the review of the turnover language listed in the Act (P.L. 87-483, as amended). We are in the process of collecting all relevant Navajo Indian Irrigation Project (NIIP) documents, including legislative and appropriations history and Department, Bureau of Reclamation, Indian Affairs, Navajo Nation, and State of New Mexico memos, letters, and directives. Construction of additional facilities is being deferred until the MOU is finalized and signed.

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM
SENATOR AKAKA

LAND WATER CONSERVATION FUND

Question 1. According to the Department of the Interior's budget briefing, the 2007 budget proposes to terminate the funding for Land and Water Conservation Fund State Grants. I believe that State agencies need these funds. Without them, our states and counties will have to cut back on programs and services for critically endangered species, hunters, and park management.

What is your justification for eliminating such an important program?

Answer. The FY 2007 budget request does not include funding for Land and Water Conservation Fund State grants. As the administration strives to trim the Federal deficit, focusing on core Federal agency responsibilities is imperative.

Nearly \$3.9 billion has been appropriated through 2006 for the Land and Water Conservation State Grant program, including \$312 million in the last four years. Many of these grants support State and local parks that have alternative sources of funding through State revenues or bonds. In addition, a 2003 PART review found the current program could not adequately measure performance or demonstrate results.

INVASIVE SPECIES FUNDING

Question 2. This year's total funding for invasive species represents an approximately 5 percent decrease from the amount funded in Fiscal Year 2006. Combined with a 15.9 percent cut in the Forest Service invasive species program, this represents a significant decline in government wide funds allocated to protecting our natural resources from invasive species.

In what ways will this reduction of funding affect the Department of the Interior's efforts to combat the introduction and spreading of invasive species?

Answer. By focusing on priorities, the Department's efforts to combat the introduction and spread of invasive species should be strengthened. The FY 2007 budget request includes \$60 million for invasive species work, and continues the government-wide, performance-based cross cut budget effort that began in 2004. The budget provides an increase of \$994,000 for work in three priority geo-regional areas: South Florida, the Northern Great Plains, and the Rio Grande River Basin. The 2007 program will focus on invasive species that present significant threats to ecosystem health, including lygodium leafy spurge and tamarisk, in particular.

NATIONAL RECREATION AND PRESERVATION

Question 3. Secretary Norton, the 2007 budget proposes to focus resources for historic preservation and heritage tourism programs within the Park Service. At the same time, the budget eliminates the funding for a number of preservation and heritage programs including the Native Hawaiian Culture and Arts Program which has been instrumental in preserving and sharing information about Native Hawaiian history and culture in my home State.

Will existing programs like the Native Hawaiian Culture and Arts program be folded into the Preserve America grant program or will they need to compete for grant funds in order to continue their valuable efforts?

Answer. The Preserve America program is a competitive grant program that helps States and communities preserve their historic resources by incorporating them into their local economies. The FY 2007 budget includes \$10.0 million, an increase of \$5.1 million above the 2006 level, for grants to help communities develop resource management strategies and business practices for continued preservation of heritage assets. Such activities include planning and feasibility studies, heritage education materials, heritage tourism business cases, and feasibility initiatives.

The FY 2007 budget includes \$14.8 million for Save America's Treasures grants. These grants are available for preservation and conservation work on nationally significant intellectual and cultural artifacts and nationally significant historic structures and sites.

The Native Hawaiian Culture and Arts program could potentially compete for either of these grant programs.

INSULAR AREAS-REPUBLIC OF THE MARSHALL ISLANDS (RMI)

Question 4. I want to thank you for your initiative following this Committee's hearing on the RMI's nuclear claims and for the meeting you organized to continue the process of addressing some of the issues that were raised. I understand that the RMI responded to your request for a definition of the issues for further discussion.

Do you have a schedule for these follow-up meetings, and can you assure the Committee that the administration will meet on each of these issues to either come to a resolution or develop alternates that the Committee can consider? Will you provide us with a written update on each issue by May 15th?

Answer. The Office of Insular Affairs has not received the Marshall Islands Government's response to the administration's request for a definition of the issues. Once the response is received, representatives of the Office of Insular Affairs will work cooperatively with other Administration departments, for example the Departments of Energy and State, to arrange the necessary meetings. The Committee will be kept informed of developments.

INSULAR AREAS-COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS (CNMI)

Question 5. Would you support government-to-government talks with the CNMI under section 902 of the Covenant with the objective of moving the CNMI toward an economic model that would place reasonable limits on the use of guest workers and provide opportunities for U.S. citizens?

Answer. The Department of the Interior would support Covenant section 902 discussions on guest workers and employment opportunities for U.S. citizens in the CNMI, as long as the topic is proposed by the representatives of the Governor of the CNMI. We believe that the agenda for discussion of economic issues should be set by those closest to these economic issues, i.e., representatives from the Commonwealth Government, and not by officials in Washington, D.C.

INSULAR AREAS-AMERICAN SAMOA, LOSS OF FEDERAL INVESTMENT INCENTIVES.

Question 6. I understand that well over half of the government revenue of American Samoa is attributable to the Possessions Tax Credit, a federal tax credit designed to promote private investment in the territories. However, the credit has expired as of December 2005.

What steps has the Department taken to either avoid or anticipate this loss of revenue? If an alternate investment incentive is not recommended by the administration and enacted by Congress this year, is the Department prepared to increase American Samoa's Operations subsidy to help offset the very substantial revenue loss? If not, what assistance is the Department prepared to offer American Samoa?

Answer. IRC section 936 provided a Federal tax credit for private sector companies to locate operations in the territories. In 1995, the Congress repealed this provision, but allowed a ten-year phase-out for the canneries in American Samoa. The Congress did not provide an alternative incentive or replacement revenue.

The Department of the Interior has worked intensively within the administration on this issue of over-riding importance to the economy of American Samoa and the fiscal well-being of its residents. The result was a series of four letters sent by the Secretary to the Chairmen and Ranking Minority Members of the House Committee on Ways and Means and the Senate Committee on Finance, urging a five-year extension of IRC section 939 for cannery eligibility in American Samoa.

The administration has no plans to compensate for any loss of revenue by the American Samoa Government. Rather, we stand ready to work with the committees of jurisdiction in the Congress to develop an acceptable alternative incentives program.

COMPACT IMPACT AID

Question 7. Since 1997, when Hawaii began reporting its impact costs, the state has identified more than \$140 million in costs associated with FAS citizens. In 2002, the State of Hawaii expended more than \$32 million in assistance to FAS citizens. In 2003 alone, the state spent approximately \$9.77 million to provide Medicaid services without receiving any federal matching funds. This represents a dramatic increase from \$6.75 million in the state FY 2002.

P.L. 108-188, the Compact of Free Association Amendments Act of 2003, provides \$30 million in annual funding for Compact impact assistance to be shared between the State of Hawaii, Guam, the CNMI, and American Samoa. While this funding is a positive step forward, it does not begin to reimburse the affected jurisdictions for the costs associated with FAS citizens.

How does the Department plan to move forward to reimburse affected jurisdictions, as FAS citizens continue to place a hardship on the social services in Hawaii, Guam, and the CNMI?

Answer. Hawaii, Guam, and the Commonwealth of the Northern Mariana Islands (CNMI) all have substantial costs relating to the legal migration of citizens from the freely associated states (FAS).

In Public Law 108-188, the Congress established a \$30 million annual appropriation, to be divided (based on the proportion of migrants) among migration-affected United States jurisdictions. The payments of the \$30 million are a contribution toward the migrant-related costs borne by Hawaii, Guam and the CNMI. The Congress, in authorizing Public Law 108-188, expressed no intent for full reimbursement of FAS migration costs.

COMPACT IMPACT AID

Question 8a. Since 2004, all federal agencies are required to report to the DOI regarding their services in the RMI and FSM in order to avoid the duplication of benefits.

What consideration does the Department give to these reports in determining the division of Compact Impact aid, and, if the Department currently does not use the reports as a factor in its determination, would you consider developing a way to incorporate these reports into your calculation of the distributed funds?

Answer. Public Law 108-188, establishes a program to pay \$30 million annually to the United States jurisdictions that bear costs associated with the legal migration of citizens from the FAS. The jurisdictions with the greatest concentration of such persons are in Hawaii, Guam, and the CNMI. The Congress, in Public Law 108-188, provided that the \$30 million would be divided based on the proportion of FAS migrants in each of the U.S. jurisdictions. The Department of the Interior commissioned a census of such migrants in 2003 and plans to complete such a census every five years. The Congress did not express an intent that any other criterion, such as impact of the Compact reports, be used to modify the division of funds based on population.

The 2003 Amendments contain several new measures that need to be implemented, and this task will fall largely to the OIA staff based in Hawaii that monitor grant assistance, trust funds, and administer "Compact Impact" funds.

Question 8b. How will the Department ensure accountability with respect to the implementation of provisions in the new Compact, particularly with regard to the administration of grants?

Answer. Through its Hawaii-based staff, the Department ensures to (1) analyze compliance with the terms of current grants, (2) review annual sector grant proposals for the next fiscal year, and (3) recommend an allocation of funding for the next fiscal year that reflects changes in relative need and priorities. The joint economic committees, including both United States and Micronesian representatives, consider the above analyses and recommendations and set grant amounts.

The Hawaii office provides on-site oversight of Compact programs, requires the timely submission and review of required financial and program reports, and works with the inspector general and GAO to identify and resolve problems.

Public Law 108-188 provided that independent corporations be established in Washington, D.C. to house the respective trust funds for the Republic of the Marshall Islands and the Federated States of Micronesia. Membership on the respective governing trust fund committees includes representatives from both the United States Government and the two freely associated states. The Hawaii office has no duties with respect to the trust funds.

The Hawaii office administers the Compact impact grant to the State of Hawaii. Impact grants to Guam and the CNMI are administered from Washington.

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM
SENATOR SALAZAR

PILT

Question 1. With so much of Colorado's land owned by the Federal Government, the Payment in Lieu of Taxes (PILT) Program is important to our local communities. I am amazed that the administration is cutting these funds by 16% to \$198 million when Congress has again and again demonstrated a strong bi-partisan support for this program.

Why is this Administration intent on making the counties fight these poorly reasoned cuts every year?

Answer. The 2007 budget proposes \$198.0 million for the Payments in Lieu of Taxes program. The budget funds \$197.6 million for PILT payments and \$400,000 for program administration. Although this is \$34.5 million below the 2006 record high level, it is well above historical funding levels. In FY 2000, PILT was funded at just under \$134 million. Our proposed FY 2007 level represents about a 47% increase over that amount. As part of the President's effort to reduce the budget deficit by half over five years, the 2007 budget for the Department makes difficult choices, and this was one of them.

BLM OIL & GAS INSPECTIONS AND ENFORCEMENT

Question 2. Will you, in writing, provide for me the number of oil and gas inspectors you will have working in Colorado offices in 2007, the number of inspections they will be tasked with, the number of unannounced inspections that will occur, as well as the number of inspections prompted by local landowners?

Answer. The BLM plans to have fifteen (15) oil and gas inspectors working in Colorado offices in 2007. The BLM Colorado has not yet prepared the Inspection and Enforcement Matrix and Strategy for FY 2007, consequently a planned number of inspections has yet to be developed for FY 2007. The Inspection and Enforcement Matrix and Strategy for FY 2006 includes 1300 planned inspections. We would expect an increase in the number of inspections that will be planned for FY 2007.

The majority of inspections performed pertain to ongoing operations, and would be categorized as unannounced. Some inspections, such as those for monitoring conditions of approval on drilling and pad construction, require prior scheduling because the activities to be inspected take place at a date and time certain.

The BLM's tracking systems do not contain a category for inspections prompted by local landowners. The BLM does not separately track the number of inspections likely to be prompted by local landowners, as these will vary based on conditions.

BLM LAND SALES

Question 3. The President's budget establishes an aggressive schedule of needed revenues to the tune of \$182 million over the first 5 years and \$351 over the ten year budget window.

Do these figures amount to some type of quota our BLM state directors will be required to meet every fiscal year? Are we, in effect, turning our land managers into real estate brokers?

Answer. I assume you are referring to the proposal to amend the Federal Land Transaction Facilitation Act of 2000 (FLTFA). The FLTFA proposal is a modest proposal that does not depart appreciably from current law, but has features that will help improve protection of valuable Federal resources. I can assure you that the schedule of revenues contemplated is not a quota. In fact, the FLTFA revenue estimates included in the FY 2007 budget are really quite modest. Moreover, the BLM does not have a list of lands to be sold or state-by-state sales targets. Decisions on land to be sold will be made at the local level based on land use plans that have

been developed through a public process, including compliance with the National Environmental Policy Act of 1969.

LAND AND WATER CONSERVATION FUND (LWCF)

Question 4. Last year, the administration proposed to eliminate the LWCF state-side grants program, arguing that the “results are not demonstrated.” In its own assessment of the program this year, however, the Park Service acknowledges that the state-side grants program indeed delivers excellent results. The National Park Service’s 2005 State Land and Water Conservation Fund Annual Report says: “nearly 55 million visits at 44 state parks represents only a small sampling of visitor use at the estimated 40,000 state and local park sites assisted by the program. Year in and year out, the Land and Water Conservation Fund works in partnership with states and communities to deliver and protect opportunities for outdoor recreation.”

Given this ringing endorsement of the efficiency and effectiveness of the LWCF state-side grant program from the National Park Service, can you explain why it is being eliminated in this year’s budget?

Answer. The FY 2007 budget request does not include funding for Land and Water Conservation Fund State grants. As the administration strives to trim the Federal deficit, focusing on core Federal agency responsibilities is imperative. Many of these grants support State and local parks that have alternative sources of funding through State revenues or bonds. In addition, a 2003 PART review found the current program could not adequately measure performance or demonstrate results. While the report you referenced includes some worthwhile information as to how the grants were used, the administration remains committed to utilizing performance measures consistent with the Government Performance and Results Act.”

NATIONAL PARK SERVICE MAINTENANCE BACKLOG

Question 5. In 2000, the President promised to provide enough funding over five years to eliminate Park Service’s maintenance backlog, which was estimated at the time to be \$4.9 billion. It is now five years since that commitment and I am hearing estimates that place the NPS maintenance backlog somewhere between \$4.5 billion to \$9.69 billion. That is to say that the maintenance backlog at the Parks seems to have increased over the past five years.

Is that right?

Answer. The estimated \$4.9 billion maintenance backlog figure was identified in a 1998 General Accounting Office report (“Efforts to Identify and Manage the Maintenance Backlog” GAO/RCED-98-143). That figure represented a compilation of desired projects in parks that had not been validated by systematic, comprehensive assessments of the true asset conditions or prioritized by NPS.

We now know that the deferred maintenance backlog cannot be stated as a single, static dollar figure. What is important is the improved condition over time and knowing that the dollars spent made a difference in improving the condition of the asset. Our approach is to focus on what it will take to bring our assets to acceptable condition as measured by the facility condition index. For this reason, NPS is transforming the agency’s approach to managing its facilities. Parks have completed, for the first time, a comprehensive inventory and prioritization of its asset base. NPS is also on track to complete comprehensive condition assessments on eight industry-standard assets (such as buildings, water systems, roads, and trails) by the end of 2006. Once these condition assessments are completed, NPS will have a better understanding of its current deferred maintenance needs. Our goal is to bring the portfolio of assets up to acceptable condition, with performance measures used to prioritize investments.

Question 6. What is the Department of the Interior’s most recent estimate of the maintenance backlog at the Parks?

Answer. Please see the answer to Question 5.

Question 7. How will this year’s budget for National Parks affect the total maintenance backlog, considering it will cut the construction and maintenance budget by \$84.6 million, 27 percent?

Answer. The administration remains committed to reducing the maintenance backlog within the National Park Service, and the NPS continues to make significant progress in completing the numerous projects necessary to improve the condition of park infrastructure. Since 2002, nearly 6,000 projects have been undertaken and approximately \$4.7 billion have been invested using line-item construction, repair and rehabilitation, fee, and Federal Lands Highway dollars. The 2007 budget proposes to protect the administration’s past investments by realigning funding within the NPS asset management program to focus on proactive measures that will preclude these resources from slipping to poor condition.

The Cyclic Maintenance Program incorporates a number of regularly scheduled preventive maintenance procedures and preservation techniques into a comprehensive program that prolongs the life of a particular asset. The proposed increase in cyclic project funding would assist in preventing the continued deterioration of NPS assets. Increasing the project funding will afford parks the ability to maintain assets on a predictive cycle, rather than allowing them to fall into disrepair and ultimately adding to the backlog. Funds appropriated for the cyclic maintenance program would target those assets that are mission critical and still in maintainable condition, but could fall into poor condition without the proper application of life cycle maintenance. With the proposed increase of \$10.0 million, the cyclic maintenance program now totals \$71.5 million.

The 2007 budget includes \$86.2 million for the Repair and Rehabilitation program. Over the past five years, \$345 million has been allocated for this program. In 2007, NPS will continue to prioritize projects that address critical health and safety, resource protection, compliance, deferred maintenance, and minor capital improvement issues. The budget request also includes a proposal to use additional recreation fee revenue for facility maintenance projects. For 2007, the Department estimates that \$100 million in recreation fees will be used for deferred maintenance projects.

Within the total proposed for construction, line-item construction projects are funded at \$121.9 million. The budget request focuses on protecting and maintaining existing assets rather than funding new construction projects. Assuming the President's budget request is funded, NPS intends to sustain the progress made in the asset management program, as measured by the facility condition index.

NATIONAL PARK SERVICE REVISIONS TO POLICIES

Question 8. Secretary, I and many of my colleagues have repeatedly expressed our opposition to the proposed changes to the National Park Service's policies. We feel that they undermine the core mission of the Park Service and are, quite frankly, unnecessary.

Visitor satisfaction at our parks is over 95%, and the public seems quite satisfied with the existing policies, which were updated just five years ago. So, with the strain that is already being placed on the NPS' budget, what is the cost (in staff time, resources, etc.) of this exercise?

Answer. Periodic review and development of all types of management and policy documents are included within the duties of NPS employees and are not calculated separately.

The NPS has a special web site programmed to efficiently process the large volume of comments it sometimes receives on documents that are released for public review. A contractor has been retained at a cost of approximately \$39,000 to help sort and organize the Management Policies comments that have been submitted through this web site.

Question 9. Considering that these policies were revised just five years ago, and given all the other needs in the Parks, is this really the best use of the Park Service's energy and resources at this time?

Answer. We believe that revised and improved policies are needed because managers face continuing challenges in preserving park resources while striving to serve our visitors and partner with our local communities. Every day, without fail, we are tested when we make decisions on what to do or what not to do; what to build or what not to build; what to allow or what not to allow. From these challenges, we learn and improve our practices.

APPENDIX II

Additional Material Submitted for the Record

TENNESSEE VALLEY AUTHORITY,
March 10, 2006.

Hon. GALE A. NORTON,
Secretary, Department of the Interior, Washington, DC.

DEAR SECRETARY NORTON: The Tennessee Valley Authority (TVA) is a cooperating agency in the preparation of the Environmental Impact Statement (EIS) on the North Shore Road Project in Swain County, North Carolina. In that capacity, we are currently reviewing the Draft EIS and anticipate submitting comments as a cooperating agency at a later date. TVA is also a party to the 1943 agreement under which construction of the North Shore Road is contemplated. I am writing you today to apprise you of TVA's position on this proposal.

TVA agrees with the National Park Service's (NPS) determination that the alternative with the least environmental impact is the one that does not involve construction; namely, the Monetary Settlement Alternative. Accordingly, we concur in the identification of this alternative as the Environmentally Preferred Alternative for the purposes of *National Environmental Policy Act* review.

The Draft EIS did not identify NPS's preferred alternative to allow consideration of public comments on the completed environmental analyses and revised cost estimates for the build alternatives. These public comments and environmental analyses will also help inform the decisions TVA may have to make about this. Based upon our preliminary review, TVA believes the range of identified alternatives is appropriate and that any of the action alternatives could potentially form the basis for an agreement discharging the Department of the Interior from any remaining obligations under the 1943 agreement.

TVA has already fulfilled its obligations under the 1943 agreement by acquiring and transferring to the U.S. Department of the Interior approximately 44,000 acres of land on the north shore of Fontana Reservoir. Should the other parties to the 1943 agreement reach consensus on the North Shore Road issue and decide to enter into a new agreement, TVA would be pleased to review the proposal and determine if we should become a party to the new agreement.

Sincerely,

BILL BAXTER,
Chairman.

THE SECRETARY OF THE INTERIOR,
Washington, DC, March 14, 2006.

Hon. LAMAR ALEXANDER,
U.S. Senate, Washington, DC.

DEAR SENATOR ALEXANDER: I wanted to follow up on our conversation that occurred during the recent March 2, hearing on the Department of the Interior 2007 budget and to assure you that our disagreement with regard to the draft 2005 Management Policies was more a question of semantics than substance.

I believe that current and future enjoyment of the parks depends upon maintaining unimpaired park resources. That is our statutory obligation. At the hearing, I quoted to you the relevant portion of the 1961 Organic Act that describes the mission of the NPS. That section states:

“[the] purpose is to conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations.”

The quote you cited in the hearing was from the 2001 Management Policies, not the 1916 Organic Act. Management of parks presents complex challenges, since park managers have to address use and impacts consistent with the overarching mission of the parks, which is to protect park resources and values to ensure that these resources and values are maintained unimpaired. This statutory directive inherently required careful evaluation of uses, scientific study, monitoring, and other factors.

Both Director Fran Mainella and Deputy Director Steve Martin, in public statements, including February 2006 testimony presented to the Congress, have stated, and I agree, that when there is a conflict between the protection of resources and use, conservation will be predominant. This recognizes that while we welcome public use and enjoyment in our parks, we will not allow uses that cause unacceptable impact, are inconsistent with park purposes or values, unreasonably interfere with park programs or activities, disrupt the operation of park concessions or contractors, create an unsafe or unhealthful environment for visitors or employees, result in significant conflict with other appropriate uses, or diminish opportunities for current or future generations to enjoy park resources and values. We recognize that the conservation of park natural, cultural, and historic resources provides the foundation for public enjoyment of our national parks.

Parks serve a very important function in our society. They are not wilderness areas, unless specifically designated as such. If “conservation” is viewed as a wilderness standard requiring that all resources remain in their pristine state, we would have no visitor centers, no ranger housing, no hotels, and no roads in parks. While a few of us would be able to enjoy these areas in their pristine state, the classic American family vacation of loading the kids in the care and driving through Yellowstone or the Great Smokies would not exist. Parks fulfill an important visitor service function. They provide education and enjoyment and an introduction to the great outdoors for many who would otherwise miss an inspiring experience.

Over the years, since adoption of the Organic Act, our understanding of caring for parks has evolved. In the past, park managers erroneously allowed eradication of predators, feeding of wild animals, and building of visitor centers in sensitive area that damaged resources. All of these today would be considered inconsistent with the Organic Act and the conservation of the parks. To make proper decisions we need policies that stress sustainable cooperative conservation that works for managing the birthplace of Dr. Martin Luther King as well as managing the bison herd at Yellowstone, not a simple litmus test or bumper sticker phrase that lacks practical efficacy.

The 2005 proposed Management Policies are in draft form. This is why we have put them out for public comment and are now evaluating those comments. I am confident that our policies, when completed by the Director and her career staff, will accomplish this difficult task.

I believe both you and I have the same goals for our national parks. I want Americans to love our national parks, and that love arises when people are encouraged to visit. I want their experiences to be thoroughly enjoyable because they see spectacular scenery, encounter abundant wildlife, and use clean and comfortable facilities. I am confident that our park managers will be able to achieve this in a manner consistent with the Organic Act of 1916.

Please don't hesitate to call me if you would like to talk further about this manner.

Sincerely,

Gale A. Norton.