

**PROPOSED BUDGET FOR FISCAL YEAR 2012 FOR  
THE DEPARTMENT OF THE INTERIOR**

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**HEARING**  
BEFORE THE  
**COMMITTEE ON**  
**ENERGY AND NATURAL RESOURCES**  
**UNITED STATES SENATE**  
**ONE HUNDRED TWELFTH CONGRESS**  
FIRST SESSION  
TO  
CONSIDER THE PRESIDENT'S FISCAL YEAR 2012 PROPOSED BUDGET  
FOR THE DEPARTMENT OF THE INTERIOR

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MARCH 2, 2011



Printed for the use of the  
Committee on Energy and Natural Resources

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U.S. GOVERNMENT PRINTING OFFICE

66-126 PDF

WASHINGTON : 2011

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# CONTENTS

## STATEMENTS

	Page
Bingaman, Hon. Jeff, U.S. Senator From New Mexico .....	1
Murkowski, Hon. Lisa U.S. Senator From Alaska .....	2
Salazar, Ken, Secretary, Department of the Interior .....	4

## APPENDIX

Responses to additional questions .....	45
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# **PROPOSED BUDGET FOR FISCAL YEAR 2012 FOR THE DEPARTMENT OF THE INTERIOR**

**WEDNESDAY, MARCH 2, 2011**

U.S. SENATE,  
COMMITTEE ON ENERGY AND NATURAL RESOURCES,  
*Washington, DC.*

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

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

The CHAIRMAN. We'll go ahead and get started with the hearing. Before we begin I'd just like to take a moment to note the passing of our former colleague, Jim McClure. Senator McClure served the people of Idaho with great distinction, served as chairman and ranking member of this committee for many years. He was the chair when I first joined the committee. We extend our heartfelt condolences to his family.

This morning we're reviewing the President's proposed budget for the Department of Interior. We welcome Secretary Salazar back to the committee. He's always welcome here, of course. We look forward to hearing from him in just a few moments.

I realize that the President had to make very tough choices in putting this budget together. I generally support the decisions that were made given our current fiscal situation. In my opinion the budget request of \$12.2 billion in discretionary funds for the Department is a reasonable proposal. It's one that is about even with the amount appropriated under the current continuing resolution and with fiscal year 2010 enacted levels.

The proposed budget includes significant funding increases for a few key areas including the Bureau of Ocean Energy Management, regulation and enforcement and the Land and Water Conservation Fund. I'd like to touch on these key areas for just a minute.

Oil and gas production from our Federal lands and particularly from the Outer Continental Shelf plays an important role in our economy. Obviously last year's Deepwater Horizon disaster was a dramatic reminder of the risks involved in these undertakings and the importance of effective and efficient regulatory oversight.

I strongly support the President's budget request for additional funding for these purposes including his request for increased fees from industry to fund inspections of offshore operations.

The budget proposes significant new funding for Land and Water Conservation Fund which I also strongly support. For many years

I've advocated that this important conservation tool be fully funded at its authorized level at \$900 million annually.

Regarding water issues while not all of the priority water projects received funding, in my view the Department's budget for the Water Smart programs continue to demonstrate a commitment to addressing the Nation's water resource challenges. Water Smart implements many of the goals of the Secure Water Act which was passed by the Congress 2 years ago. I'm looking forward to receiving the Administration's progress report on that later this year.

I'm also glad that the Administration's budget included funding for Indian Water Settlements. The Indian Water Settlements account will help ensure the settlements are implemented within the timeframes required by Congress.

The budget also proposes sweeping changes in the allocation formula for the Abandoned Mine Land Program under the Surface Mining Control and Reclamation Act. I'm concerned that this could have very adverse impacts on states and tribes. We will want to work with the Administration before anything is done on that.

So at this time let me recognize Senator Murkowski for her opening statement. Then we'll hear from Secretary Salazar.

**STATEMENT OF HON. LISA MURKOWSKI, U.S. SENATOR  
FROM ALASKA**

Senator MURKOWSKI. Thank you, Mr. Chairman and good morning, Mr. Secretary, Mr. Hayes, Miss Haze.

Secretary, I appreciate the time that you have given me on one-on-one conversations, through which we can explore some of the issues more thoroughly, and I appreciate your time before the committee here this morning.

Mr. Chairman, I'm glad that you mentioned the contributions of the former chairman of the Energy Committee, Senator Jim McClure. He was truly one of a long line of chairmen who have sustained the tradition of the Energy Committee as a forum for fair consideration and resolution of serious policy debates. We continue in that tradition. But he was a leader here and I also would like to extend my condolences to his family.

Mr. Secretary, again, thank you for being here to discuss the proposed budget for fiscal year 2012. Certainly much has changed in our Nation's political landscape since the time that you were serving here with us on this committee and now as the Secretary of the Interior. In looking at the budget that we have before us though, I look at this and it appears to me that it takes us back to that time when the budget situation was perhaps a bit more optimistic, a bit more rosy. Today's world, as we know, is not that way.

Many of the Department of the Interior's recommendations ignore what I believe is our current reality. Among other things: a \$1.6 trillion Federal deficit, and rising unrest that has spiked oil prices to the point where our economic recovery could be threatened. Instead of addressing those challenges, the Department is seeking to expand the role and the footprint of the Federal Government, increase taxpayers' liability for maintenance and place more lands off limits to recreation and resource exploration.

I have a few things that I'd like to note this morning.

First on the list is the Department's new Wild Lands Policy. Your order has vast potential to lock up and limit access to lands throughout the country, but particularly in Alaska where two-thirds of our land is owned by the Federal Government. On its face the Wild Lands Policy appears to be a work-around of limitations within the Wilderness Act.

Interior has specifically stated that BLM land, which was previously designated for a specific purpose, like the National Petroleum Reserve Alaska, will be re-evaluated and could be designated as wild lands. So it appears that Interior not only wants to take control over land designations, to take this away from Congress, but also intends to review and perhaps overrule past Congressional decisions.

Insofar as the oil and natural gas related budgets, I think this year's proposal presents some issues. There are some serious questions about the wisdom of the proposed increases in so many taxes and fees across the board on the energy companies that we're responsible for regulating, and whether that's really more likely to result in a law being carried out in the expeditious manner that we here in Congress have demanded. Given the deeply troubling situations in Libya, Bahrain, and Iraq, I think there is little, if any, patience for continued delay in bringing back our American energy production and the associated jobs.

Another area that causes me some trouble in the budget here is the Land and Water Conservation Fund, the full funding of that under this category of America's Great Outdoors Initiative. Given the critical need to balance our budget, I do have to question this spending. Each land management agency within the Department of Interior already has a sizable maintenance backlog. The National Park Service alone is at \$9 billion. So, if we can't afford to manage the land that we have already entrusted to the Federal Government, I question whether it's responsible to acquire more.

Then finally on a more parochial note—we've had an opportunity to discuss this briefly—I am concerned about the reduction to the Alaska Lands Conveyance Program. This was an act that was designed to fulfill the commitment to the State of Alaska that was given to us at statehood, a little over 50 years ago. The Alaska Lands Acceleration Act was put in place to say we will fully convey these lands by the fiftieth anniversary of statehood.

That was several years ago. We are still behind on that. Given last year's budget it looked like it was going to take an additional 20 years to complete the conveyances. Now given what is proposed in this budget, it looks like it will take us until 2075 to complete the conveyances.

This is not acceptable to me. It's not acceptable for the people of Alaska. We need to work to address that.

With that, Mr. Secretary, I know members on the committee will have many, many questions. I certainly do. But again, I appreciate your responsiveness when I have called you and we have had an opportunity to meet.

We have some difficult issues ahead of us. You have a lot on your shoulders. I appreciate you taking that on, and I appreciate you being here this morning.

The CHAIRMAN. For the information of Senators I think what we'll do is hear from the Secretary. He'll take whatever time he would like and describe the budget. Then we'll do 5-minute rounds. We will plan to recess about 11 when the vote is called. I'm told that we're going to have a vote on the continuing resolution about 11.

Secretary Salazar, thank you for being here. Go right ahead.

**STATEMENT OF KEN SALAZAR, SECRETARY, DEPARTMENT OF THE INTERIOR; ACCOMPANIED BY DAVID HAYES, DEPUTY SECRETARY, DEPARTMENT OF STATE; AND PAM HAZE, DEPARTMENT ASSISTANT SECRETARY, DEPARTMENT OF STATE**

Secretary SALAZAR. Thank you very much, Chairman Bingaman, for your leadership on this committee and to you, Senator Murkowski as the ranking member. I am proud of having served on this committee and the fact that this committee really has had a tradition of bipartisanship and problem solving on a number of different fronts. We certainly have no shortage of those issues to work on in this budget and in the year ahead.

So I very much look forward to working with you. Senator Wyden and Senator Franken and Senator Hoeven, congratulations on your election and I look forward to working with you as well on the issues in your State.

Let me start out by saying here with me at the table are Deputy Secretary of the Interior, David Hayes. He is in charge of the operations of the Department of Interior and has helped put together the budget. Along with our budget director, Pam Haze, who has worked under multiple Administrations on Interior budgets over many years.

Let me start out by saying that the Department of Interior is, in my view, one of the most important Departments of the United States of America. I see it in my way of describing it as being the Department that is a custodian of America's natural resources and America's natural heritage. We take that responsibility very seriously. I take that responsibility very seriously as a Secretary.

We oversee about 20 percent of the land mass of the United States. So places where I have been have included Barrow, Alaska and Anchorage all the way to the Everglades and down on the border at the Imperial Sand Dunes in Southern California, up to Maine to Acadia and the Middle Rio Grande and the forests of Oregon and in every State there are huge assets that we have. But it's an awesome responsibility we have on the land of the United States. We also control over 1.75 million acres of the Outer Continental Shelf which is important for many uses including the significant oil and gas production that comes from the oceans, in particular from the Gulf of Mexico.

As I look at the job that I have as Secretary of Interior I see my job as being part of powering America's economy. We do that through the great outdoors of America. We do that through the energy production that we do both onshore and offshore. As well as the use of the other resources which belong to the American public.

The 2012 budget in a word is simply a freeze budget. It is a freeze budget as Senator Bingaman pointed out at \$12.2 billion it



basically is a budget that has no increases. It's important to remember that as we went through our budget line by line we found significant cuts to make.

I think it's something that the American public expects of us. It's something that President Obama has asked his Cabinet to take seriously. That's that we get rid of any programs and cut back on expenses and just to be lacerative on that.

We cut out about \$1.1 billion in the budget. There were tough choices to be made. Some of it we will—there will be discussions obviously with Members of the Congress as we move forward. But there were some very tough choices. These are not the kinds of program reductions that I obviously wanted to make or OMB or the President wanted to make.

The Alaskan Conveyance Act is one, Senator Murkowski, where I think there is a responsibility for us to move forward to complete that program. Yet there are cuts that are placed on that program which are very painful cuts.

Besides those kinds of cuts in the Administrative area, we have cut \$42 million in travel for the Department of Interior. We have cut back on information technology to the level of \$36 million. We have cut back \$53 million just through procurement reform.

Those are the kinds of cuts which I think in a deficit and debt situation which we're trying to address. Senator Hoeven, you as Governor would know that that's where you go first is to see where you cut your budget to try to make it balance. So we have cut about \$1.1 billion in this freeze budget.

Let me speak to 3 or 4 of the key priorities which I know are of great concern to all of you.

First, energy. This is a part of the budget which has both conventional energy and oil and gas as well as what we do with respect to new energy and renewable energy.

First with respect to conventional oil and gas production. I can tell you that we have a robust oil and gas program. Even in the aftermath of the Deep Water Horizon spill of nearly 5 million gallons in the Gulf of—or barrels in the Gulf of Mexico last year, our production in the Gulf of Mexico has continued uninterrupted essentially at what have still been the highs of production just from the Gulf of Mexico. So our program both onshore as well as offshore is one for oil and gas production which continues in a robust way.

We have proposed a budget here which will allow production to take place in a robust way where we can expedite the permitting. But we can also ensure the right kinds of inspections and the right kind of environmental protections so that we're protecting the environment and we're protecting the people of America. Those are key components of the budget.

So we have asked for and would ask that the U.S. Congress approve the requests that we've made with respect to the new Bureau of Ocean Energy which has replaced the former Minerals Management Service. If we do not have a robust agency that can oversee the development and production of our oil and gas resources in the Nation's oceans then we will be setting ourselves up to essentially what had been the 30-year neglect that had been given to MMS with respect to the funding and the robustness that an agency with that kind of important mission should have. As we look forward to

working with the Congress not only on the budgetary aspects but also on the organic legislation with respect to the new Bureau of Ocean Energy.

With respect to the onshore oil and gas programs, we continue to move forward with a robust onshore oil and gas effort. We issued, in 2010, approximately 5,200 APDs. We expect that in 2011 we will issue about 7,000 permits to drill. So the program there to work on developing our onshore resources is also important.

The word on renewables and just renewable energy, we have made significant progress on renewable energy. This last year alone permitting close to 3,700 megawatts of power from solar and geothermal and wind energy. The 2011 effort will continue to stand up additional renewable energy projects in many places around the West. As well as standing up the renewable wind energy potential off the coast of the Atlantic.

I know Oregon now is in play to do some things as well with respect to offshore winds. So we are looking forward to continuing our efforts on renewable energy with a goal in the 2012 budget that we will be up to 10,000 megawatts of renewable energy power. Now 10,000 megawatts we're supporters of clean coal technology and coal energy as well, but just as a sense of equivalency the 10,000 megawatts of power would be the equivalent of approximately 25 to 30 coal fired power plants in terms of generation. So that's a kind of robustness that we're moving forward on the renewable energy sites.

We're doing both. We're doing conventional. We're doing the renewable energy side.

I think as President Obama would say to all of you, we believe that we need to do all of these things. We need oil and gas. But we also need to embrace the new energy frontier and clean energy that this committee has discussed a lot over the last several years.

Next I want to briefly mention conservation and the America's Great Outdoors Initiative. This was an effort which was launched by the President in April of last year. It concluded in the report that he received at the White House several weeks ago and the effort there was to try to define what the conservation agenda for our country should be in the 21st century.

President Roosevelt did the same thing 102 or 103 years ago in 1908. It was our thought that it was time to have that conversation around the country. So we went out around the country.

We had listening sessions. Over 100,000 people commented on what we ought to be doing on conservation. Many of those ideas are included in the America's Great Outdoors report.

Let me make 2 or 3 comments about that. First, it's important for us to remember that job creation comes from tourism. That is supported by our America's Great Outdoors in every one of your States. So whether it's Wyoming or Oregon or New Mexico or Alaska, the number of people who come there to visit the great parks and wildlife refuges and to visit the great outdoors pump a significant amount of money into the economy.

The Outdoor Industry Foundation alone estimates that there are about six and a half million jobs just from the outdoor industry alone that are created through the outdoor recreational opportunities that are afforded by these lands. The approach that we're tak-

ing with America's Great Outdoors and it will touch Senator Murkowski, on the Land and Water Conservation Fund proposal here on the budget, is that we're looking at doing this in a bottoms-up approach and listening to the local communities as we work on developing our projects on conservation moving forward. I will give you 2 examples because they're real examples of not theoretical examples, but they're real examples.

One is in the Flint Hills of Kansas where former Senator Brownback and I pulled a meeting together 2 months ago with the Kansas Cattlemen's Association, with the Kansas Farm Bureau, with the ranchers in the community, where we announced the National Conservation Area for the Flint Hills. The Flint Hills is the last of the remaining of the tall grass prairies in North America, 1.1 million acres. It is an initiative that will preserve the working lands of those ranchers that have been on that same land now for 5 generations on the 1.1 million acres. It also will preserve the great environmental and ecological values of the tall grass prairies.

We have done the same thing in Florida with respect to the headwaters of Everglades National Wildlife Refuge where we had put together a partnership with the ranchers in that area and with the business community as well. So that's the kind of approach that we're taking to the America's Great Outdoors Initiative. It's a kind of approach we'll take as well with respect to the Land and Water Conservation Fund.

Now the investments that we have asked for in the President's 2012 budget do include full funding of the Land and Water Conservation Fund. I think it's important for this committee, who has so much history on the Land and Water Conservation Fund to look back at the history of this fund. The fact that when it was created by Stewart Udall and by President Kennedy back in 1964, their view was that we take from the Earth. We should put something back into conservation.

Yet when you look at the nearly 50 year history of the Land and Water Conservation Fund it has only been fully funded, to my knowledge, once. So this effort would be to fully fund the Land and Water Conservation Fund of the \$900 billion level. In the time that the LWCF has been authorized it has been credited with \$31.7 billion which is an accounting measure that is on the books.

However it's only been funded to about the tune of \$16 billion. So there's—if you've talked about a broken promise. I think that with respect to the LWCF it's one that's been going on for about the last 40 years.

Second, we will work and have asked in the budget for support for landscape conservation cooperatives. Again, this is a reflection of an effort where we are working with local communities, states, to try to find out how we coordinate the conservation efforts at the local level. Deputy Secretary David Hayes yesterday, met with the Atlantic Landscape Conservation Cooperative. He reported that out of that meeting already about 100 of these locally driven efforts that are going on in the Atlantic Landscape Conservation Cooperative. We hope to be able to move those efforts forward around the country.

Finally the Climate Science Centers as Senator Murkowski, we have informed your office, we have one of the Climate Change

Science Centers that we have established with the University of Alaska. We're doing this across the country because we need to understand the impacts that climate change is having on our world. Alaska, as we have often talked about, is really the point of the sphere.

But it's not only Alaska. It's those of you who share the waters of the Colorado River Basin and know that we are in the driest period of record in 102 years. With Lake Mead at an all time low in terms of its water level. An additional 20 percent projection in the decline of water supply in the Colorado River. It's important that we work with the ranchers and farmers and municipalities and the states to get ahead of the impact that climate change is going to have on the water issues of the Southwestern part of the United States. So that's part of what we're trying to do with the Climate Science Centers.

Just 2 other quick points and I'll conclude my remarks.

Water. Obviously if you come from an arid State, as many of you do, you know water is a life blood of our communities. So how we manage and conserve water is very important. That without the water resources, for example, that have been stored and now used in the Colorado River, we frankly would not have had the flowering of the American desert or so much of the agricultural production that comes from those particular states.

The Water Smart Program is proposed to be funded in this budget. I know you will have a hearing on it, on what we have done in 2010, Chairman Bingaman. But just as an illustration, the 37 projects that were funded through Water Smart in 2010 are projected to save 490,000 acre feet of water a year, 490,000 acre feet of water a year. For us from arid states you know that that's a very significant amount.

Finally with respect to youth and jobs. From day one when I went into the Department of Interior I wanted to stand up a Civil Conservation Corps for young people to come and work and help us do the work that we have to get done in fulfilling our mission. But also get engaged in the outdoors and engaged in conservation. As a result of the efforts and the support of this committee and Congress over the last several years we have about 21,000 young people who are working with us as part of our Conservation Corps in the Department of the Interior. This budget would continue to expand on that program.

In conclusion, Mr. Chairman, look forward to working with you and with Senator Murkowski and the members of this committee and Congress to move forward in the budget that strengthens our economy and makes our country stronger.

Thank you.

[The prepared statement of Hon. Salazar follows:]

PREPARED STATEMENT OF KEN SALAZAR, SECRETARY, DEPARTMENT OF THE INTERIOR

Mr. Chairman and members of the Committee, I am pleased to be here today to present the details of the 2012 budget request for the Department of the Interior. I want to thank the members of this Committee for your support of our Department. Your efforts have helped to build a strong foundation for our initiatives over the last two years.

The 2012 budget builds on that strong foundation with \$12.2 billion requested for the Department of the Interior. This is a freeze at the 2010 level, including significant reductions and savings totaling \$1.1 billion, while funding key priorities. The

budget demonstrates that we can responsibly cut the deficit, while investing to win the future and sustain the national recovery. Our budget promotes the actions and programs that America told us are important in 50 listening sessions across the Country. With that inspiration we developed a new 21st Century conservation vision—America’s Great Outdoors. The budget continues to advance efforts that you have facilitated in renewable energy and sustainable water conservation, cooperative landscape conservation, youth in the outdoors, and reforms in our conventional energy programs.

#### INTRODUCTION

Interior’s mission is simple but profound—to protect America’s resources and cultural heritage and honor the Nation’s trust responsibilities to American Indians and Alaska Natives. Interior’s people and programs impact all Americans.

The Department is the steward of 20 percent of the Nation’s lands including national parks, national wildlife refuges, and the public lands. Interior manages public lands and the Outer Continental Shelf—providing access for renewable and conventional energy development and overseeing the protection and restoration of surface-mined lands. The Department of the Interior is also the largest supplier and manager of water in the 17 western States and provides hydropower resources used to power much of the country. Interior is responsible for migratory wildlife and endangered species conservation as well as the preservation of the Nation’s historic and cultural resources. The Department supports cutting edge research in the earth sciences—geology, hydrology, and biology—to inform resource management decisions at Interior and improve scientific understanding worldwide. The Department of the Interior also fulfills the Nation’s unique trust responsibilities to American Indians and Alaska Natives, and provides financial and technical assistance for the insular areas.

The Department makes significant contributions to the Nation measured in economic terms. The Interior Department supports over 1.3 million jobs and over \$370 billion in economic activity each year. Parks, refuges, and monuments generate over \$24 billion in economic activity from recreation and tourism. Conventional and renewable energy produced on Interior lands and waters results in about \$295 billion in economic benefits and the water managed by Interior supports over \$25 billion in agriculture. The American outdoor industry estimates 6.5 million jobs are created every year from outdoor activities.

In measures that cannot be translated into dollars and cents, the Department protects the Nation’s monuments and priceless landscapes, conserves wildlife and fisheries, offers unparalleled recreational opportunities, protects and interprets the cultural collections that tell America’s history, and manages resources that help to fulfill the Nation’s demands for energy, minerals, and water. Through its trust responsibilities on behalf of American Indians and Alaska Natives, Interior supports tribal self-governance and the strengthening of Indian communities. For affiliated island communities, the Department fulfills important commitments providing much needed technical and financial assistance.

#### 2010—A YEAR OF CHALLENGE AND SUCCESS

At the start of the Administration in 2009, I set Interior on a course to create a comprehensive strategy to advance a new energy frontier; tackle the impacts of a changing landscape; improve the sustainable use of water; engage youth in the outdoors; and improve the safety of Indian communities. These priority goals integrate the strengths of the Department’s diverse bureaus and offices to address key challenges of importance to the American public. Interior has been making progress in these areas, including:

- Approving 12 renewable energy projects on public lands that when built, will produce almost 4,000 megawatts of energy, enough energy to power close to one million American homes, and create thousands of construction and operational jobs.
- Designating more than 5,000 miles of transmission corridors on public lands to facilitate siting and permitting of transmission lines and processing more than 30 applications for major transmission corridor rights-of-way.
- Establishing three of eight planned regional Climate Science Centers and nine of 21 Landscape Conservation Cooperatives.
- Issuing grants to water districts and other water delivery authorities resulting in the conservation of 150,000 acre-feet of water.
- Increasing the number of youth employed in conservation through Interior or its partners increased by 45 percent over 2009 levels.

- Reducing overall crime in four Indian communities as a result of a concerted effort to increase deployed law enforcement officers, and conduct training in community policing techniques, and engage the communities in law enforcement efforts.

The tragic events resulting from the explosion and sinking of the Deepwater Horizon drilling rig in April of last year drew the attention of the world to the Gulf of Mexico. Much of the focus of Interior's bureaus and offices in 2010 was on oil spill response, Gulf Coast restoration, strengthening safety and environmental standards for offshore energy production, and re-organizing and reforming the former Minerals Management Service (MMS). Nonetheless, the Department advanced other key priorities and strategic goals that will improve the conservation and management of natural and cultural resources into the future:

- Interior, along with the Department of Agriculture, the Environmental Protection Agency, and the Council on Environmental Quality, participated in the White House Conference on America's Great Outdoors and held 50 public listening sessions across the Country that have helped shape a conservation vision and strategy for the 21st Century. We have released a report, *America's Great Outdoors: A Promise to Future Generations*, that lays out a partnership agenda for 21st century conservation and recreation.
- In the spirit of America's Great Outdoors, we welcomed new national wildlife refuges in Kansas and Colorado and proposed a new conservation area in Florida at the headwaters to the Everglades. These refuges mark a new era of conservation for the Department, one that is community-driven, science-based, and takes into account entire ecosystems and working landscapes.
- The Department worked with others to develop an action plan to bring relief for the drought-stricken California Bay-Delta area, invested over \$500 million in major water projects over the past two years, and moved forward on long-standing water availability issues in the Colorado River Basin.
- In December, I issued my recommendation to Congress to undertake an additional 5.5 miles of bridging on the Tamiami Trail in the Everglades above and beyond the 1-mile bridge now under construction. When combined with other planned work in the Everglades Agricultural Area and water conservation areas, this project should restore 100 percent of historic water quantity and flow to Everglades National Park.
- With the help of Congress, we brought about resolution of the Cobell v. Salazar settlement and resolved four long-standing Indian water rights issues through enactment of the Claims Resolution Act of 2010. We also completed negotiation of a new Compact of Free Association with the island of Palau which awaits Congressional approval.
- In December of last year, the President hosted the second White House Tribal Nations Conference bringing together tribal leaders from across the United States; we are improving the Nation-to-Nation relationship with 565 Tribes.

#### INTERIOR'S BUDGET IN CONTEXT

In his State of the Union address in January, President Obama spoke of what it will take to "win the future." He challenged the Nation to encourage American innovation, educate young people, rebuild America, and shrink the burden of mounting debt. Interior's 2012 budget request responds to this challenge. The investments proposed in this budget are balanced by reductions in other programs—recognizing the Nation's need to live within its means to ensure a legacy of economic strength.

**Taking Fiscal Responsibility.**—Interior's 2012 budget must be viewed in context of the difficult fiscal times facing the Nation and the President's freeze on discretionary funding. The 2012 budget reflects many difficult budget choices, cutting worthy programs and advancing efforts to shrink Federal spending. The budget contains reductions totaling \$1.1 billion or 8.9 percent of the 2010 Enacted/2011 CR level. Staffing reductions are anticipated in some program areas, which will be achieved through attrition, outplacement, and buy-outs to minimize the need to conduct reductions in force to the greatest extent possible. These reductions are a necessary component of maintaining overall fiscal restraint while allowing us to invest additional resources in core agency priorities.

This budget is responsible. The \$12.2 billion budget funds important investments by eliminating and reducing lower priority programs, deferring projects, reducing redundancy, streamlining management, and capturing administrative and efficiency savings. It maintains funding levels for core functions that are vital to uphold stewardship responsibilities and sustain key initiatives. The 2012 request includes \$11.2 billion for programs funded by the Interior, Environment, and Related Agencies ap-

propriation. This is \$69.2 million, or less than one percent, above the 2010 enacted level and \$87.6 million above the 2011 annualized CR level. The 2012 request for the Bureau of Reclamation and the Central Utah Project Completion Act, funded in the Energy and Water Development Appropriations Act, is \$1.1 billion in current appropriations, \$88.3 million or eight percent below the 2010 enacted level and \$78.3 million or seven percent below the 2011 CR level.

Permanent funding that becomes available as a result of existing legislation without further action by the Congress results in an additional \$5.6 billion, for \$17.8 billion in total budget authority for Interior in 2012.

Program Reductions and Terminations.—Interior's \$12.2 billion budget proposal includes \$913.6 million in program terminations and program reductions of which \$188.0 million are featured in the President's list of terminations and reductions. This also includes the elimination of \$47.6 million in congressional earmarks not related to land acquisition or construction.

These cuts were identified as part of a top to bottom review that considered mission criticality, the ability of partners to support the function, duplication or overlap, relevance to key initiatives, program performance, the relevance of timing and if the activity could be deferred, and short-and long-term strategic goals.

Examples of the tough decisions made in 2012 include terminating the \$7.0 million Rural Fire Assistance program which is duplicative of other fire assistance grant programs managed by the Department of Homeland Security and Department of Agriculture. The National Park Service's Save America's Treasures and Preserve America programs are eliminated in 2012 to focus NPS resources on the highest priority park requirements. The NPS Heritage Partnership Programs are reduced by half to encourage self-sufficiency among well-established National Heritage Areas while continuing support for newer areas. In the Bureau of Indian Affairs, the Indian Guaranteed Loan Program is reduced 63 percent in 2012 pending an evaluation of the program's effectiveness and alternatives to improve program performance.

Program reductions are proposed in every bureau and office in the Department. One area that is reduced Interior-wide is construction. The budget includes \$178.8 million for the Bureau of Land Management, Fish and Wildlife Service, and National Park Service construction programs; in total this is a reduction of \$100.2 million or 36 percent from the 2010 enacted/2011 CR level. To achieve these reductions, the Department has frozen construction of new facilities in 2012 and deferred construction of replacement facilities. Interior's 2012 request for construction focuses on the highest priority health and safety and mission critical projects and defers lower priorities. The Department is committed to the repair and rehabilitation of current assets and funding for facility maintenance is held nearly level. The 2012 budget also slows the construction of major water management programs, including the Central Utah Completion Act. The 2012 budget request for CUPCA is \$33.0 million, a reduction of \$9.0 million.

Administrative Savings.—The budget includes \$99.4 million in reductions reflecting administrative cost savings as part of the Administration's Accountable Government Initiative. These reductions will be generated by efficiencies throughout Interior, changing how the Department manages travel, employee relocation, acquisition of supplies and printing services, and the use of advisory services. These reductions are in addition to \$62.0 million in travel, information technology, and strategic sourcing savings identified as part of the President's 2011 request. These reductions are sustained in the 2012 request along with bureau-specific efficiencies.

- The Department will achieve \$42 million in savings in travel and relocation through improved management at the program level and re-examination of Departmental policies.
- An estimated \$53 million in savings will be achieved through acquisition improvement initiatives including shared contracts to use Interior-wide for the acquisition of commodities, supplies, and services. In 2011, Interior is implementing Department-wide strategic sourcing initiatives for office supplies and copier-based multifunctional devices. Savings from expanded strategic sourcing is one component of a comprehensive plan to improve acquisition practices throughout Interior.
- Efficiency savings from expanded strategic sourcing is one component of a comprehensive plan to improve acquisition practices throughout Interior. Another component to reduce advisory services spending will achieve an approximate \$15 million in savings.
- Through careful planning, strategic investments, and unprecedented cooperation, significant opportunity exists to realize efficiencies in the Department's IT infrastructure of an estimated \$36 million, including energy and cost savings.

The Department has identified five primary focus areas: risk-based information security services, infrastructure consolidation, unified messaging, workstation ratio reduction, and radio site consolidation.

- The Department's 2012 budget reflects a freeze on Federal salaries for 2011 and 2012 and requirements to address fixed cost increases are limited to anticipated changes in the Federal contributions to health benefits, GSA rent increases, changes in workers and unemployment compensation costs, and specific contract requirements for P.L. 93-638 agreements.

**Cost Recovery.**—The budget proposes to increase cost recovery to offset the cost of some resource development activities that provide clear benefits to customers.

The budget proposes to increase fees for offshore oil and gas inspections from \$10.0 million in the 2010 enacted budget to \$65.0 million in 2012. These fee collections incorporate a more robust inspection program and expand the scope of offshore inspection fees to include offshore drilling rigs, given the need for greater scrutiny of drilling operations as a core component of deepwater oil and gas development. This is consistent with the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling. The report states that the oil and gas industry should be “required to pay for its regulators” so that the costs of regulation “would no longer be funded by taxpayers but instead by the industry that is permitted to have access to a publicly owned resource.”

Similarly, the budget proposes to collect \$38.0 million for onshore oil and gas inspection activities conducted by BLM. The budget also proposes new fees totaling \$4.4 million for coal and other minerals inspections conducted by BLM to recover the costs of inspecting these operations.

Likewise, the budget proposes to decrease OSM grants to state programs that regulate the coal industry, to encourage those states to increase cost recovery fees for coal mine permit processing.

#### INVESTMENTS FOR THE FUTURE

**America's Great Outdoors.**—Last year, the Administration initiated a national dialogue at the White House Conference on America's Great Outdoors. In 50 listening sessions held across the Country, the public communicated their conservation and recreation priorities, and the result is a report to the President, America's Great Outdoors: A Promise to Future Generations. The report outlines how the Federal Government can support a renewed and refreshed conservation vision by working in collaboration with communities, farmers and ranchers, businesses, conservationists, youth and others who are working to protect the places that matter to them and by engaging people across the country in conservation and recreation.

The report calls for the government and its partners to help conserve and recreate on the lands and places that Americans care about most. To this end, the report recommends expanding access to green spaces for recreation, restoring and connecting open spaces and rural landscapes to power economic revitalization and species conservation, and increasing our investment of revenue from oil and gas development in the protection of open spaces. The report calls for the revision of government policies to improve program effectiveness and alignment, and leverage local, community driven efforts and asks the Federal government to be a better partner with States, Tribes, landowners, local communities, the private sector and others to meet shared conservation goals.

The 2012 President's budget identifies resources that are targeted on these outcomes with \$5.5 billion for programs included in the America's Great Outdoors initiative, an increase of \$363.0 million over the FY 2010 level. The components of this budget request include land management operations, programs funded through the Land and Water Conservation Fund, and grant programs focused on partnerships that conserve natural resources, restore, rivers and trails, and preserve the Nation's historic assets.

The 2012 budget for America's Great Outdoors includes \$4.6 billion for core operations, an increase of \$13.5 million, in the land and resource management bureaus—BLM, FWS, and NPS. Increases in Interior's land management bureaus will enhance cultural and interpretative programs throughout our network of national parks, refuges and public lands. This funding will also support day-to-day operations, improve the condition of facilities, and address natural resource management needs. More than 285 million Americans and foreign tourists visited the Nation's national parks in 2009, nearly 11 million more than in 2008, a 3.9 percent increase. This was the fifth busiest year for the national park system, just missing the all-time visitation record set in 1987. The increased visitation to the national parks reinforces the importance and value Americans place on their treasured landscapes.



The initiative also includes \$675.0 million for programs funded from the Land and Water Conservation Fund. The components of this request are: \$375.0 million for Federal land acquisition, \$200.0 million for an expanded LWCF State grants program including competitive grants, and \$100.0 million for Cooperative Endangered Species Conservation Grants.

The 2012 budget for Interior and the U.S. Forest Service includes full funding, \$900 million, for the Land and Water Conservation Fund. This funding is drawn from revenue generated each year from oil and gas development. This fulfills the vision for the LWCF, with a dedicated source of funding generated from the depletion of resources to be used annually to advance resource conservation and recreational opportunities. For the 2012 budget, the Department coordinates Interior bureaus' and the Forest Service's land acquisition priorities and presents a joint conservation strategy that maximizes conservation outcomes in key geographic focal areas.

The 2012 budget also includes \$150.0 million for fish and wildlife conservation grants, an increase of \$7.0 million, including \$50.0 million for the North American Wetlands Conservation Fund, \$95.0 million for State and Tribal Wildlife Grants, and \$5.0 million for Neotropical Migratory Bird Conservation Grants. An additional \$72.4 million is proposed for NPS partnership programs, including \$62.4 million for historic preservation grants to States and Tribes, an increase of \$6.5 million and \$10.0 million for the Rivers, Trails and Conservation Assistance program, an increase of \$1.1 million.

The 2012 America's Great Outdoors initiative focuses on investments that will lead to healthy lands, waters and resources while stimulating the economy—goals that are complementary. Through strategic partnerships, Interior will support and protect historic uses of lands, restore lands and resources, protect and interpret historic and cultural resources, and expand outdoor recreation opportunities. All of these activities have significant economic benefits in rural and urban communities. An economic impact analysis completed by the Department in December 2009 estimates that in 2008 more than 400 million visits to the Nation's parks, refuges, and public lands generated nearly \$25 billion and over 300,000 jobs in recreation and tourism, contributing significantly to the economic vitality of many communities.

**New Energy Frontier.**—The 2012 budget continues the Department's New Energy Frontier initiative to create jobs, reduce the Nation's dependence on fossil fuels and oil imports, and reduce carbon impacts. Facilitating renewable energy development is a major component of this strategy along with effective management of conventional energy programs.

The Department has made significant advances in its priority goal to increase approved capacity for renewable energy production on Interior lands by at least 10,000 megawatts by the end of 2012, while ensuring full environmental review. To date, BLM has approved projects that, when built, will generate approximately 4,000 megawatts of energy. The budget requests \$72.9 million for renewable energy programs in 2012, an increase of \$13.9 million above the 2010 enacted/2011 CR level.

While we work to develop renewable energy sources, domestic oil and gas production remain critical to our nation's energy supply and to reducing our dependence on foreign oil. As was underscored by the tragic explosion of the Deepwater Horizon and the oil spill that followed, we must take immediate steps to make production safer and more environmentally responsible. The recently-released report from the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling concludes there are risks for which neither industry nor the government have been adequately prepared. The report recommends fundamental reforms to ensure technical expertise, independence, and full consideration of environmental protection as well as continued reforms in human safety, regulatory oversight, energy exploration, and production.

The Commission's recommendations are, in many ways, a strong validation of the reforms that we at the Department of the Interior have been undertaking to promote safety and science in offshore oil and gas operations. Moreover, the Commission's findings and recommendations bolster the case for Interior's comprehensive reforms and reorganization of offshore oil and gas activities that will remedy conflicted missions, stand up a stronger regulatory framework, create an internal review unit to identify problems in a timely manner, improve agency and industry management of safety and environmental protection, and expand the team of inspectors, engineers, and other staff to oversee OCS operations. Many reforms have already been accomplished including:

- Implementation of strong new safety and environmental standards including: a safety rule that raises standards for everything from drilling equipment and well design to casing and cementing; a requirement that companies establish

comprehensive risk management programs; a requirement that operators demonstrate capability to deal with a catastrophic blowout; limiting the use of categorical exclusions so that proposed lease sales and drilling projects go through rigorous environmental reviews under the National Environmental Policy Act (NEPA); and requiring companies to put their signature on the line to state that their rigs comply with safety and environmental laws and regulations.

- Termination of the controversial royalty-in-kind program, which accepted oil and natural gas from producers in lieu of cash royalty payments, in favor of a more transparent and accountable royalty collection system.
- Dissolution of the Minerals Management Service with the transfer of minerals revenue management to the Office of Natural Resources Revenue in the Office of the Secretary and creation of the Bureau of Ocean Energy Management, Regulation and Enforcement as an interim organization while further structural changes are made.
- Formulation of a plan for reorganization that will separate the offshore resource management and the safety and environmental enforcement programs into two independent organizations—the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement.
- Development and implementation of regulations and guidance to operators responsive to the recommendations of the DOI Safety Oversight Board, the National Academy of Engineering, and the National Commission on the BP Deepwater Horizon Oil Spill.
- Completion of a review of ethics issues related to the Department's management of the OCS program and creation of the Investigations and Review Unit.
- Implementation of a recruitment strategy for BOEMRE to expand the field of inspectors and engineers, with BOEMRE receiving more than 500 applications in two weeks.
- Establishment of the Offshore Energy Safety Advisory Committee to advise BOEMRE on issues related to offshore energy safety, including drilling and workplace safety, well intervention and containment, and oil spill response.

The 2012 budget includes \$506.3 million for the components of the former Minerals Management Service to continue our efforts at reorganization and reform of both offshore energy development activities and mineral revenue collection. This includes a total program of \$358.4 million for the Bureau of Ocean Energy Management, Regulation and Enforcement, an increase of \$119.3 million, or 50 percent, over the 2010 enacted level, after adjusting for the transfer of mineral revenue collections to the new Office of Natural Resources Revenue. The budget proposes to offset BOEMRE program funding with \$160.2 million in offsetting rental receipts and cost recoveries and \$65.0 million from oil and gas inspection fees.

The budget makes investments to increase capacity for leasing and environmental review, safety and environmental enforcement, and oil spill research. This request will enable Interior to hire over 100 inspectors, engineers, and other safety and enforcement staff by the end of 2012. The 2012 budget includes funding for the Investigations and Review Unit to respond to allegations or evidence of misconduct and unethical behavior; oversee and coordinate internal auditing, regulatory oversight and enforcement systems and programs; and ensure the organization's ability to respond to emerging issues and crises, including spills and accidents. Funding is also included to support an independent advisory board that will review and analyze environmental studies and analyses to support the use of sound science in all of the Department's offshore energy activities.

The 2012 budget request also includes \$147.9 million for the Office of Natural Resources Revenue located in the Office of the Secretary. The proposed \$38.7 million increase over the 2010 enacted level will allow us to strengthen auditing and compliance efforts for royalty revenue collections and to complete the transition of the royalty-in-kind (RIK) program to royalty-in-value collections.

Youth in the Great Outdoors.—Furthering the youth and conservation goals of the America's Great Outdoors initiative, the 2012 budget proposes to continue engaging youth by employing and educating young people from all backgrounds. The 2012 budget includes \$46.8 million for youth programs, an increase of \$7.6 million above the 2010 enacted/2011 CR level.

Interior is uniquely qualified to engage and educate young people in the outdoors and has programs that establish connections for youth ages 18 to 25 with natural and cultural resource conservation. These programs help address unemployment in young adults and address health issues by encouraging exercise and outdoor activities. For example, Interior is taking part in the First Lady's Let's Move initiative to combat the problem of childhood obesity. The Bureau of Land Management, National Park Service and Fish and Wildlife Service have Let's Move Outside pro-

grams to promote physical activity for children and families on the Nation's public lands. Interior has long-standing partnerships with organizations such as the 4-H, the Boy Scouts, the Girl Scouts, the Youth Conservation Corps, and the Student Conservation Association. These programs leverage Federal investments to put young people to work and build a conservation ethic.

In 2010, Interior met its high priority performance goal to employ 15,900 in conservation-related careers through the Department or its partners. This is a 45 percent increase from 2009. The 2012 goal is to increase this youth employment by 60 percent.

**Cooperative Landscape Conservation.**—The 2012 budget realigns programs and funding to better equip land and resource managers with the tools they need to effectively conserve resources in a rapidly changing environment. Significant changes in water availability, longer and more intense fire seasons, invasive species and disease outbreaks are creating challenges for resource managers and impacting the sustainability of resources on public lands. These changes result in bark beetle infestations, deteriorated range conditions, and water shortages that negatively impact grazing, forestry, farming, as well as the status of wildlife and the condition of their habitats. Many of these problems are caused by or exacerbated by climate change.

The 2012 Budget includes \$175.0 million for cooperative landscape conservation, an increase of \$43.8 million. The budget funds the completion of the Climate Science Centers and Landscape Conservation Cooperatives, the organizing framework for the Department's efforts to work collaboratively with others to understand and manage these changes. These efforts will allow the Department to meet its priority goal to identify resources vulnerable to climate change and implement coordinated adaptation response actions for 50 percent of the Nation by the end of 2012.

The request for USGS climate variability science is \$73 million, which includes \$14.3 million for carbon sequestration research. USGS is conducting cutting edge research in biological and geological carbon sequestration, to investigate the potential of removing carbon dioxide from the atmosphere for storage in vegetation, soils, sediments, oil and gas reservoirs and saline geologic formations. The 2012 budget will advance USGS research to assess rates and potential capacity for carbon storage in ecosystems, and evaluate the Nation's potential resources for geological storage.

**Water Challenges.**—Interior is working to address the 21st Century pressures on the Nation's water supplies. Population growth, aging water infrastructure, changing climate, rising energy demands, impaired water quality and environmental needs are among the challenges. Water shortage and water use conflicts have become more commonplace in many areas of the United States, even in normal water years. As competition for water resources grows, the need for information and tools to aid water resource managers also grows. Water issues and challenges are increasing across the Nation, but particularly in the West and Southeast due to prolonged drought. Traditional water management approaches no longer meet today's needs.

Reclamation proposes to fund WaterSMART at \$58.9 million, \$11.0 million below 2011 levels. The three ongoing WaterSMART programs include: the WaterSMART Grant program funded at \$18.5 million; Basin Studies funded at \$6.0 million; and the Title XVI Water Reclamation and Reuse program funded at \$29.0 million. Two programs are being added to WaterSMART in 2012, the continuing Water Conservation Field Services program, funded at \$5.1 million, and participation by Reclamation in the Cooperative Watershed Management program, funded at \$250,000. This is a joint effort with the USGS. The USGS will use \$10.9 million, an increase of \$9.0 million, for a multi-year, nationwide water availability and use assessment program. Other significant programs and highlights include:

In 2010, I issued a Secretarial Order establishing a new water sustainability strategy to coordinate Interior's water sustainability efforts, create a clearinghouse for water conservation best practices, implement a water footprint reduction program to reduce consumption of potable water by 26 percent by 2020. We are in dialogue with Mexico on the management of the Colorado River and we are actively pursuing workable solutions to regional issues such as in the California Bay-Delta.

The Bay-Delta is a source of drinking water for 25 million Californians and sustains about \$400 billion in annual economic activity, including a \$28 billion agricultural industry and up until recently supported a thriving commercial and recreational fishing industry. Our efforts in the Bay-Delta are focused on co-leading an inter-agency effort with the Council on Environmental Quality (CEQ) to implement the December 2009 Interim Federal Action Plan for the California Bay-Delta Conservation Plan. In coordination with five other Federal agencies, we are leveraging our activities to address California water issues, promote water efficiency and conservation, expand voluntary water transfers in the Central Valley, fund drought re-

lief projects, and make investments in water infrastructure. Over the past two years, we have invested over \$500 million in water projects in California. We have also, in close coordination with NOAA and the state of California, worked on the California Bay-Delta Conservation Plan, a long-term plan aimed at restoring both reliable water supplies and a healthy Bay-Delta ecosystem.

On February 18 we announced the initial 2011 Water Supply Allocation for Central Valley Project water users. We were pleased to report that some of the CVP contractors and water users will receive a 100 percent allocation due to the precipitation and snowpack in the Sierra Nevada Mountains and improved carryover reservoir storage. Agricultural water service contractors South-of-Delta have an initial allocation of 50 percent but this is an improvement on the 46 percent initial allocation they've averaged over the past 20 years. These allocations represent good news given recent years, but many challenges remain. We will continue to work with our Federal, State and local partners to improve water supply reliability while addressing significant ecological issues.

Our 2012 budget for the Bureau of Reclamation includes \$53.1 million for the Central Valley Project Restoration Fund that is offset by collections estimated at \$52.8 million. The 2012 budget for Reclamation includes \$39.7 million for the California Bay-Delta Restoration account and \$35.1 million for San Joaquin River restoration. An additional \$6.9 million is included in the budget for the FWS and USGS activities in support of Bay-Delta ecosystem restoration.

**Strengthening Tribal Nations.**—The 2012 Budget for Indian programs is \$2.5 billion, a decrease of \$118.9 million. The reduction includes completion of a one-time \$50.0 million forward funding payment to tribal colleges, completion of \$47 million in public safety projects normally funded by the Department of Justice, and \$ 14.5 million for completed water settlements.

The BIA budget includes reductions that are tougher choices, including reductions of \$27.0 million in Trust Real Estate Services, \$14.2 million in central oversight programs, and \$5.1 million in the Indian Guaranteed Loan Program.

The 2012 budget provides \$89.6 million in increases including: \$42.3 million for programs that advance the Nation-to-Nation relationship; \$20.0 million to enhance public safety and justice programs; \$18.4 million to improve trust land management; and \$8.9 million for education programs. The 2012 budget includes an increase of \$29.5 million for contract support and the Indian Self-Determination Fund—this was the highest priority of the Indian Tribes. These funds will enable Tribes to fulfill administrative requirements associated with operating programs.

The 2012 budget supports achievement of a priority goal to reduce violent crime by at least five percent within 24 months on targeted tribal reservations through a comprehensive and coordinated strategy. The budget includes \$354.7 million, an increase of \$20.0 million, for law enforcement operations, detention center operations and maintenance, tribal courts, and conservation law enforcement officers.

**Indian Land and Water Settlements.**—The 2012 budget includes \$84.3 million in the Bureau of Reclamation and Bureau of Indian Affairs to implement land and water settlements.

The Bureau of Reclamation's budget includes \$51.5 million, an increase of \$26.7 million, for the initial implementation of four settlements authorized in the Claims Resolution Act of 2010. The legislation included water settlements for the Taos Pueblo of New Mexico and Pueblos of New Mexico named in the Aamodt case, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona.

The Claims Resolution Act of 2010 establishes trust funds for Tribes to manage water systems and settlement funds to develop infrastructure. The primary responsibility for constructing these water systems was given to the Bureau of Reclamation, while the Bureau of Indian Affairs is responsible for the majority of the trust funds, which includes \$207.2 million in mandatory funding in 2011.

These settlements will deliver clean water to the Taos Pueblo and the Pueblos of Nambe, Pojoaque, San Ildefonso, and Tesuque in New Mexico, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona. In addition to funding for the initial implementation of these four settlements, Reclamation's budget includes \$24.8 million for the Navajo-Gallup Water Supply project. In the 2012 budget, Reclamation is establishing an Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects and to highlight and enhance transparency.

The Bureau of Indian Affairs 2012 budget includes \$32.9 million for ongoing Indian land and water settlements, a reduction of \$12.9 million, reflecting completion of the Pueblo of Isleta, Puget Sound Regional Shellfish, and Soboba Band of Luiseno Indians settlements.

**Land Remote Sensing.**—For forty years, Landsat satellites have recorded the global landscape, creating an archive of both natural and man-made changes. This im-

agery generates \$935 million in value for the U.S. economy by driving innovation in the agricultural, water management, and disaster response sectors. For example, foresters around the country use Landsat imagery to remotely map and monitor the status of woodlands in near real-time. This allows them to track the devastation caused by the pine bark beetle in the Rocky Mountains and monitor drought and fire-prone areas.

Landsat fills an essential need for data that is refreshed on a time scale and with a level of resolution and granular detail that is otherwise not available. Commercial data is not available that fill a void that could be created in the absence of continuous Landsat coverage.

The 2012 budget for the U.S. Geological Survey includes \$48.0 million to begin planning activities with the National Aeronautics and Space Administration for an operational Landsat program. Consistent with the Administration's National Space Policy, the 2012 budget enables the USGS to assume management responsibility for a new operational Landsat program that will ensure continuity of Landsat data in the future. USGS will provide data requirements and funding, while NASA, drawing on its historic expertise, will build the Landsat satellites on a reimbursable basis for the USGS. This new operating structure is consistent with the approach used for NOAA's JPSS weather satellites, and will ensure sufficient oversight while avoiding duplication.

The 2012 budget will enable USGS to gather and prioritize Federal user community requirements for land image data, conduct trade studies on key design alternatives related to the development of the imaging device, initiate the procurement process through NASA for the Landsat 9 and 10 instruments and spacecrafts, and establish a science advisory team, in order to launch Landsat 9 in FY 2019 and Landsat 10 in FY 2024.

Also included within a new separate account for National Land Imaging is an increase of \$13.4 million to complete the retooling of the ground receiving stations to be able to receive data from the new instruments on Landsat 8, expected to be launched in December of 2012.

#### MANDATORY PROPOSALS

Interior continues to generate more revenue for the U.S. Treasury than its annual discretionary appropriation. In 2012, Interior will generate revenue of approximately \$14.1 billion and propose mandatory legislation estimated to generate another \$3 billion in revenue and savings over ten years. The budget assumes the enactment of legislative proposals that we plan to submit to Congress in the coming weeks. These proposals will reform abandoned mine reclamation and hardrock mining on Federal lands, and collect a fair return to the American taxpayer for the development of Federal resources.

**Reform Abandoned Mine Land Reclamation.**—The Administration proposes to reform the Abandoned Mine Lands program to reduce unnecessary spending and ensure that the Nation's highest priority abandoned coal and hardrock sites are reclaimed. First, the budget proposes to terminate the unrestricted payments to States and Tribes that have been certified for completing their coal reclamation work as these payments are no longer needed for reclamation of abandoned coal mine lands. Second, the budget proposes to reform the distribution process for the remaining reclamation funding to competitively allocate available resources to the highest priority coal abandoned mine lands sites. Through a competitive grant program, a new Abandoned Mine Lands Advisory Council will review and rank the abandoned mine lands sites, so that the Office of Surface Mining can distribute grants to reclaim the highest priority coal sites each year.

Third, to address the legacy of abandoned hardrock mines across the U.S., Interior will create a parallel Abandoned Mine Lands program for abandoned hardrock sites. Like the coal program, hardrock reclamation would be financed by a new abandoned mine lands fee on the production of hardrock minerals on both public and private lands displaced after January 2012. The BLM would distribute the funds through a competitive grant program to reclaim the highest priority hardrock abandoned sites on Federal, State, tribal, and private lands.

Altogether, this proposal will save \$1.3 billion over the next ten years, focus available coal fees on the Nation's most dangerous abandoned coal mines, and hold the hardrock mining industry responsible for cleaning up the hazards left by their predecessors.

**Reform Hardrock Mining on Federal Lands.**—The budget proposes to provide a fair return to the taxpayer from hardrock production on Federal lands. The proposal would institute a leasing program under the Mineral Leasing Act of 1920 for certain

hardrock minerals including gold, silver, lead, zinc, copper, uranium, and molybdenum, currently covered by the General Mining Law of 1872.

After enactment, mining for these metals on Federal lands would be governed by the new leasing process and subject to annual rental payments and a royalty of not less than five percent of gross proceeds. Half of the receipts would be distributed to the States in which the leases are located and the remaining half would be deposited in the Treasury. Existing mining claims would be exempt from the change to a leasing system, but would be subject to increases in the annual maintenance fees under the General Mining Law of 1872. The Office of Natural Resources Revenue will collect, account for, and disburse the hardrock royalty receipts. This proposal would generate an estimated \$100 million in revenue over ten years.

Fee on Non-producing Oil and Gas Leases.—The Administration will submit a legislative proposal to encourage energy production on lands and waters leased for development. A \$4.00 per acre fee on non-producing Federal leases both onshore and offshore would provide a financial incentive for oil and gas companies to either get their leases into production or relinquish them so that the tracts can be leased to and developed by new parties. The proposed \$4.00 per acre fee would apply to all new leases and would be indexed annually. In October 2008, the Government Accountability Office issued a report critical of past efforts by Interior to ensure that companies diligently develop their Federal leases. Although the report focused on administrative actions that the Department could undertake, this proposal requires legislative action. This proposal is similar to other non-producing fee proposals considered by the Congress in the last several years. The fee is projected to generate revenues to the U.S. Treasury of \$25 million in 2012 and \$874 million over ten years.

Net Receipts Sharing for Energy Minerals.—The Administration proposes to make permanent the current arrangement for sharing the cost to administer energy and minerals receipts, beginning in 2013. Under current law, States receiving significant payments from mineral revenue development on Federal lands also share in the costs of administering the Federal mineral leases from which the revenue is generated. In 2012, this net receipts sharing deduction from mineral revenue payments to States would be implemented as an offset to the Interior Appropriations Act, consistent with the provision included in 2010 and continued under the 2011 CR. Permanent implementation of net receipts sharing is expected to result in savings of \$44 million in 2013 and \$441 million over ten years.

Repeal Oil and Gas Fee Prohibition and Mandatory Permit Funds.—The Administration proposes to repeal portions of Section 365 of the Energy Policy Act, beginning in 2013. Section 365 diverted mineral leasing receipts from the U.S. Treasury to a BLM Permit Processing Improvement Fund and also prohibited BLM from establishing cost recovery fees for processing applications for oil and gas permits to drill. Congress has implemented permit fees through appropriations language for the last several years and the 2012 budget proposes to continue this practice. Starting in 2013, upon elimination of the fee prohibition, BLM will promulgate regulations to administratively establish fees for applications for permits to drill. In combination with normal discretionary appropriations, these cost recovery fees will then replace the permit fees set annually through appropriations language and the mandatory permit fund, which would also be repealed starting in 2013. Savings from terminating this mandatory funding are estimated at \$20 million in 2013 and \$57 million over three years.

Geothermal Energy Receipts.—The Administration proposes to repeal Section 224(b) of the Energy Policy Act of 2005. Prior to passage of this legislation, geothermal revenues were split between the Federal government and States, with 50 percent directed to States, and 50 percent to the Treasury. The Energy Policy Act of 2005 changed this distribution beginning in 2006 to direct 50 percent to States, 25 percent to counties, and for a period of five years, 25 percent to a new BLM Geothermal Steam Act Implementation Fund. The allocations to the new BLM geothermal fund were discontinued a year early through a provision in the 2010 Interior Appropriations Act. The repeal of Section 224(b) will permanently discontinue payments to counties and restore the disposition of Federal geothermal leasing revenues to the historical formula of 50 percent to the States and 50 percent to the Treasury. This results in savings of \$6.5 million in 2012 and \$74 million over ten years.

Deep Gas and Deepwater Incentives.—The Administration proposes to repeal Section 344 of the Energy Policy Act of 2005. Section 344 mandated royalty incentives for certain “deep gas” production on the OCS. This change will help ensure that Americans receive fair value for federally owned mineral resources. Based on current oil and gas price projections, the budget does not assume savings from this

change; however, the proposal could generate savings to the Treasury if future natural gas prices end up below current projections.

**Repeal of Authorities to Accept Royalty Payments In Kind.**—The Administration proposes to solidify a recent Departmental reform terminating the Royalty-in-Kind program by repealing all Interior authorities to accept future royalties through this program. This change will help increase confidence that future royalty payments will be properly accounted for. The budget does not assume savings from this change because the Administration does not anticipate restarting the program; however, if enacted, this proposal would provide additional certainty that a new Royalty-in-Kind program would not be initiated at some point in the future.

**Federal Land Transaction Facilitation Act.**—The Administration proposes to reauthorize this Act, eliminating the 2011 sunset date and allowing lands identified as suitable for disposal in recent land use plans to be sold using the Act's authority. The Act's sales revenues would continue to be used to fund the acquisition of environmentally sensitive lands and the administrative costs associated with conducting sales.

**Federal Migratory Bird Hunting and Conservation Stamps.**—Federal Migratory Bird Hunting and Conservation Stamps, commonly known as Duck Stamps, were originally created in 1934 as the annual Federal license required for hunting migratory waterfowl. Today, 98 percent of the receipts generated from the sale of these \$15.00 stamps are used to acquire important migratory bird areas for migration, breeding, and wintering. The price of the Duck Stamp has not increased since 1991, while the cost of land and water has increased significantly. The Administration proposes to increase these fees to \$25.00 per stamp per year, beginning in 2012. Increasing the price of Duck Stamps will bring the estimate for the Migratory Bird Conservation account to approximately \$58 million. With these increased receipts, the Department anticipates additional acquisition of approximately 7,000 acres in fee and approximately 10,000 acres in conservation easement in 2012. Total acres acquired for 2012 would then be approximately 28,000 acres in fee title and 47,000 acres in perpetual conservation easements.

**Compact of Free Association.**—On September 3, 2010, the U.S. and the Republic of Palau successfully concluded the review of the Compact of Free Association and signed a 15-year agreement that includes a package of assistance through 2024. Under the agreement, Palau committed to undertake economic, legislative, financial, and management reforms. The conclusion of the agreement reaffirms the close partnership between the U.S. and the Republic of Palau. Permanent and indefinite funding for the compact expired at the end of 2010. The 2012 budget seeks to authorize permanent funding for the Compact as it strengthens the foundations for economic development by developing public infrastructure, and improving health care and education. Compact funding will also undertake one or more infrastructure projects designed to support Palau's economic development efforts. The Republic of Palau has a strong track record of supporting the U.S. and its location is strategically linked to Guam and U.S. operations in Kwajalein Atoll. The cost for this proposal for 2012-2021 is \$188.5 million.

**Extend Service First Authority.**—The budget includes legislative language to extend authority for the Service First program. The laws creating Service First give Interior and Agriculture the authority to establish pilot programs that leverage joint resources. Service First allows certain land management agencies to conduct activities jointly or on behalf of one another; collocate in Federal offices or leased facilities; make reciprocal delegations of respective authorities, duties, and responsibilities; and transfer funds and provide reimbursements on an annual basis, including transfers and reimbursements for multi-year projects. This authority is currently set to expire at the end of 2011. The extension included in the budget will make the Service First authority permanent to continue these arrangements that have saved costs and improved effectiveness.

#### CONCLUSION

Thank you for the opportunity to testify on the President's 2012 budget request for the Department of the Interior. I want to reiterate my appreciation for the long-standing support of your Committee. We have a tremendous opportunity to improve the future for our children and grandchildren with smart investments. This budget has fiscal discipline and restraint, but it includes forward looking investments. For America to be at its best and win the future, we need lands that are healthy, waters that are clean, and an expanded range of energy options to power our economy. I look forward to working with you to implement this budget. This concludes my written statement. I am happy to answer any questions that you may have.

The CHAIRMAN. Thank you very much.

Secretary, let me ask first about the issue that Senator Murkowski mentioned in her comments. That is this Wild Lands Policy that you've announced. As I understand you, you issued a Secretarial Order directing the Bureau of Land Management to inventory public lands with wilderness characteristics and to use that information in the Land Use Planning Process.

The concern that's been raised or one of the concerns has been that your action in the Secretarial Order might be an effort to override the authority of Congress to designate wilderness areas and replace that or substitute for that. Could you describe what is involved in this Wild Lands Policy and how you see it benefiting the country?

Secretary SALAZAR. Thank you, Chairman Bingaman.

The Wild Lands Policy and the Secretarial Order that I issued, from my point of view, is something that is required by law. Circuit courts have ruled on the mandamus responsibility of the Secretary of Interior and the BLM to have an inventory of lands of the wilderness characteristics under Sections 201 and 202 of FLITMA. So we are moving forward with creating that kind of inventory because first of all it is a requirement of us to do it under the law, in my view.

Second of all, from my point of view, as we manage the public estate for the United States it's important that we also, as we manage it for oil and gas and for so many other purposes that we also manage it for its wilderness characteristics.

You think about the public estate of the BLM, some 245 million acres. There are about 41 million of those acres that are leased for oil and gas production. When you combine the wilderness areas designated by Congress and the WSAs which were put into place beforehand, you're talking about only maybe 8 to 9 million acres. It's a much smaller percentage, obviously than is what leased out there for oil and gas. So conservation, in my view, is a key part of how we ought to manage the BLM lands that we do have.

Now there are a couple of points that I think are essential. I know Senator Barrasso, others, are interested in what this order will do and its consequence.

First, they're very clearly if you read the order carefully there is language that I inserted in there that says that existing rights are protected. So we're not going to come in and undo any existing rights.

Second, we do not intend to usurp the authority of Congress. I recognize and I say it here on the record that it's Congress' responsibility and Congress' authority to designate additional wilderness areas. That's not my job as Secretary of the Interior.

I think if you will look at what we have done with the wilderness designations in the past. They have been done in by both Democrats and by Republicans. In fact many of the bills that have been introduced on our public lands for this year in this Congress to designate wilderness have been introduced by Republicans. So there's certainly areas for designation as wilderness within the public estate.

Finally I ask you also to read the order carefully because within the order there also are provisions in there that recognize that impairment can occur when you have lands with wilderness charac-



teristics if there is another multiple use purpose that should override the wilderness characteristic purpose of a particular land. So it provides a kind of flexibility that allows the BLM to have a road map with which to manage the entire public estate.

The CHAIRMAN. Thank you.

Let me ask also about the issue of drilling in the Outer Continental Shelf. I know you've spent a lot of time over many months here focused on how to put in place the appropriate safety precautions for drilling, particularly deep water drilling. I think you now just this week, perhaps, begun once again the issuance of permits in that area.

Could you give us a short status report as to where things are and what you see as the prospect for additional issuance of permits for deep water drilling in the Outer Continental Shelf?

Secretary SALAZAR. Mr. Chairman, it's an issue where I obviously, along with the Deputy Secretary and with Michael Bromwich, have spent a good amount of our time in making sure that we're moving forward with a safe ocean energy program. Let me say the following because I think it's important for this committee to know.

No. 1, I think the policy that we have in place is unmistakably clear. We are moving forward with the development of oil and gas including in the deep waters of America. That's a statement and position the President has made clear. It's a statement that I have made clear as well.

No. 2 and as importantly, it is important for this committee, especially for this committee and for me to understand the importance of doing it in a way that will provide safety and environmental protections. The methodology of what had existed for 30 years that you could not have a Maconda well blow up in U.S. waters was blown up on April 20th of last year. So we are in a post Maconda well situation.

We have been working closely with industry and with others to make sure that we are doing oil and gas productions and permitting it in a safe way in America's oceans. Earlier on when we imposed the moratorium, it was the correct thing to do, from my point of view, because the Maconda well was spewing out some 50,000 barrels of oil a day into the Gulf of Mexico for 87 days. Since then there have been significant measures that have been taken by enhanced regulations that involve cementing and casing and a whole host of other measures by the Bureau of Ocean Energy and Management.

Most recently on Friday, Deputy Secretary and Michael Bromwich and I were in Houston where we actually reviewed the subsea containment mechanisms that have been put together by industry. One called the Helix Project the other called the Marine Well Containment Corporation. Those systems are being stood up in order to be able to deal with a Maconda well type of situation.

They're not perfect yet. They're moving in that direction. That's going to be a work in progress. But based on the progress that has been made we felt comfortable enough to go ahead and issue the first of the deep water permits on Monday of this week.

The CHAIRMAN. Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Mr. Secretary, let me just follow up on that. The court ordered the Department of Interior to act on 5 of the pending deep water exploration permits within 30 days of that ruling. That was a couple weeks ago.

Are you on track then? You've issued the one to Noble. But are you on track for the remaining 4 given the court order?

Secretary SALAZAR. The last time when I came I testified all the time and I didn't let my Deputy Secretary testify. So I'm going to have him make a comment on this as well. But let me make an opening comment on this.

That is you know, the judge in this particular case, in my view, is wrong. Will argue the case because I don't believe that the court has a jurisdiction to basically tell the Department of Interior what my Administrative responsibilities are. So that will be argued in the court at the right time. The more important question I think that you raise is how are we moving forward?

If you look at what we did on the shallow water permitting issue and some of these wells in the shallow water are very deep. We're already at the point where we have 37 permits that have been issued. Those rigs are out there already working in the Gulf of Mexico.

The Noble permit which was issued on Monday is a very deep permit that will go, I believe, some three and a half miles into the ocean floor to some very deep places. But we know a lot about that formation. We know a lot about the pressures. So we feel safe in that.

There are other deep water permit applications that are pending. The ones that will go out the door will hopefully be the templates that will allow us to move forward with an additional, significant number of deep well permits that I expect will be issued.

David, do you want to comment briefly on that question because I know it's a very important question not only to Senator Murkowski but others on the committee.

Mr. HAYES. Certainly, Mr. Secretary.

Senator, we will comply with the court order and make a decision up or down on the pending permits that were identified in the court order within the timeframe required. Just to provide additional context and give a little feel for what is in play. In the shallow water we've received 47 applications for shallow water permitting since the moratorium. 37 of those 47 have been approved. There are only 7 pending and under active consideration.

In the deep water we are only now able to begin issuing the permits because only now has industry been able to demonstrate containment capability. So we expect that the first permit is far from the last permit. The first permit we granted on Monday.

Thank you.

Senator MURKOWSKI. We certainly hope so.

Let me ask a couple questions here on the fees on non-producing leases. This relates to both onshore and offshore. As you know up north, we're in a situation where we have onshore producers that are looking to advance on the NPRA, but we haven't been able to get the permits to advance a bridge so that we can explore. Offshore Shell has been waiting for 5 years now to get their permits to go offshore.

Is it the position of the Department that penalties for non-producing whether onshore in NPRA or offshore in the Chukchi would be assessed if it's the agency that is holding up the production or the attempt to produce? I'm trying to understand what this means for us in Alaska because we're trying our hardest to get to production. It is the Federal Government: it is the agencies that are keeping us from doing this.

But if the Department's approach is going to be: "We're going to assess fees, we're going to assess penalties because you haven't been producing," this is a real issue for us. So I'm trying to understand where this might take us.

Secretary SALAZAR. Thank you, Senator Murkowski.

Let me just say at the outset I think it's important for all of us to know the context that there are huge swaths of the public estate that are out there that have been leased to oil and gas companies which simply are not being produced on the onshore itself. We have 41.2 million acres of land that we have leased much of which has been leased under my watch. Yet we only have 12.2 million acres that are actually producing on the onshore.

In the offshore we have a total of 38 million acres of OCS that has been leased to get only 6.3 million acres that are actually in production. Now I recognize the fact that it takes time to go out and to do the seismic and the exploration and the development of these fields. The fee that is in the President's budget will be imposed in a way that we will work out the details of how exactly that will be imposed.

But let me say this. On permits, especially, the ones that you speak about, the NPRA, we are working to try to see how we could move forward with that. The BLM had proposed the approval of a necessary bridge to allow the development of CD5. We are continuing to work on that to see how we can make that happen.

As we have spoken as well it was our view that as we move forward with developing additional information so that we can look at how oil and gas might be developed safely in a smart way in the Arctic. We had prepared to move forward with the Shell permit. We will see how that moves forward as additional permits are required into the next season.

Senator MURKOWSKI. Mr. Secretary, I did not hear you say that there will not be fees imposed for non-producing leases if it is in fact our own Federal agencies that are prohibiting any production. In both of these cases it's EPA that has held us off at every turn. So I would certainly like the assurance that as long as there is the effort being made that we're not going to be penalized when it's the Federal Government that is holding us back.

Secretary SALAZAR. Let me have either David or Pam maybe flush this out a little bit. But it seems to me the concept here is that we want diligence and the development of the public estate. OK?

So the monetary fee will produce a kind of diligence that hopefully will move forward with additional development and production. I don't believe—and Pam, you don't have to write me a note. Just I'm going to ask you a question.

[Laughter.]

Secretary SALAZAR. But the question I think is whether the \$4 fee per acre will be applied everywhere or how are we going to bifurcate between those areas that may be in the situation as the Bulford and the Chukchi are today verses other areas. I would expect Pam or David correct me on this if this is something that we would be working on with OMB and with the Congress to figure out exactly how we're going to do it.

Senator MURKOWSKI. I would suggest that \$5 billion by Shell demonstrates a due diligence over a 5-year period. I would like to get some clarification on this if this advances. I'm well over my time but this is an extraordinarily important issue not only for us in Alaska, but throughout the country.

Secretary SALAZAR. I agree with you. I mean, you know, the due diligence concepts on natural resource development are shredded in—are a part of the culture of the development of our natural resources and our water resources in this country. I do agree with you that there has been due diligence that has been shown there.

Now how we're going to tease that out, Pam I want you to speak about that a little bit.

Ms. HAZE. Sure.

Secretary SALAZAR. Or if David you have some comments on it as well.

Ms. HAZE. We're developing the draft legislation with OMB right now. So it's in the discussion stage with some words on paper.

The intention is clearly to incentivize and not punish. So as the Secretary said, that's something we'll have discussions about and work with you on.

The CHAIRMAN. Any other comment on this?

Secretary SALAZAR. Do you have any comment on it?

Mr. HAYES. Only comment, Mr. Chairman and Senator, is that a very large number of these acreage have no activity whatsoever. So the intent is only to incentivize either the beginning of some activity or and if not, provide a put it back so that others can bid on the leases who would be willing to go forward and do it. There's no intent to dis-incentivize those who are doing development work like Shell.

Senator MURKOWSKI. I understand that. Thank you, Mr. Chairman for the indulgence here.

I think it will be critically important as we develop this though to recognize that things are not equal around the country. When you are exploring and producing in an Arctic region where by law we limit you to a season of 3 months it takes longer to produce on a lease in certain areas. I hope that those types of factors are considered as well.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Wyden.

Senator WYDEN. Thank you, Mr. Chairman. Mr. Secretary, good to have you and I remember when you sat next to me up here.

Secretary SALAZAR. Down here. You were down here in those days. Look how far you've moved up.

Senator WYDEN. I remember it well. I remember it well.

Secretary, as you know when the oil and gas companies drill on public lands they're required to pay royalties. Now this week the government auditors, the folks at the General Accounting Office,

Inspector General, said there continue to be significant management problems with royalty collection. They said the government is still too dependent on oil industry data. It's not at all clear that taxpayers are getting what these companies owe. It may be a very substantial sum.

In your view, how much money is out there that's owed and is not being collected? What's being done to finally turn this around? As you know this has gone on for a long, long time.

But the government auditors said just a couple of days ago that there continue to be significant problems.

So one, what's owed?

Two, what's being done to finally get on top of this and get this program on track?

Secretary SALAZAR. Thank you, Senator Wyden. If I may, just a quick response on Senator Murkowski. We will work on the diligence issues with you and with your staff. I just wanted to make sure that we were closing the loop on that.

On the collection issue, Senator Wyden, and what we do to collect revenues at the Department of the Interior. Let me first congratulate you and thank you for the focus that you had on MMS long before the Deep Water Horizon and trying to make sure that the American taxpayer was getting a fair return for the use of the American taxpayer's property. In part because of your suggestions and your work we have eliminated programs like the Royalty in Kind Program because of the conflict issues and other problems that were in that agency.

As part of the reorganization of this part of the Department of Interior what we have done is we have created an Office of Natural Resource Revenue which is focused exclusively on that issue of revenue collections. So I expect that some of the—there are—we have made progress. I expect that some of the remaining issues with respect to the natural resource revenue we will be able to address.

Let me ask David to comment on that since that's an operating issue as well.

Senator WYDEN. Specifically, Mr. Hayes, I mean this is a current analysis. I mean, these auditors saying are the problems are ongoing. They exist today. The agency is too dependent on industry data. It's not possible to determine what taxpayers are getting relative to what's owed.

What's the status in terms of cleaning up those kinds of problems?

Mr. HAYES. Senator, We are working very hard on that as we proceed. In fact we have management consultants who are in our offices in Lakewood in Colorado helping us to ensure that we have good systems in place. Probably most importantly as the Secretary identified, we're trying to look at systemic change that will reduce a reliance on industry supplied data.

The Royalty in Kind program elimination is a good example of that. The other example that we are actively considering is to move away from the deduction for processing and transportation of oil in the royalty collection effort.

Senator WYDEN. Can you give me a ball park in terms of how much money it is that we're coming up short on? That's the concern.

Mr. HAYES. Yes, we're working with the GAO on that. I know they testified yesterday. They indicated they're not sure of the amount. We're going to work with them. We'll work with you to share the information we can come up with.

Senator WYDEN. How soon can you get us that information? Can you get us that within a couple of weeks?

Mr. HAYES. We'll certainly try.

Senator WYDEN. I mean the point is this is relevant to the budget.

Mr. HAYES. Yes.

Senator WYDEN. I mean we're forced now to make these very, very difficult decisions and the estimates, as you know, range from billions to smaller amounts. So we need that information. Can I have it in 2 weeks?

Secretary SALAZAR. Let me say you'll have it as soon as we can get it to you, Senator Wyden. It may be sooner than 2 weeks.

Senator WYDEN. Good.

Secretary SALAZAR. Let me just say the GAO, I think, in their testimony has said that we are—have been working closely with them to take their advice which frankly had not happened before. It's a major issue for us. I have directed the BLM to do a study that will provide us some of this additional information.

I just asked them when that would be done. She says that the study that looks at the central question of whether or not the American taxpayer is getting a fair return on the resource that we're allowing to be developed that whether the collections are being done in the best way possible that that will be done in the fall. But I will give you an update within 2 weeks, Senator Wyden.

Senator WYDEN. Very good.

Let me ask you one other quick question. Did you know this committee put together the Timber Payments law, the County Payments bill? Under the program the Bureau of Land Management makes payments to Oregon's O and C counties. In the budget request there is no funding for the Timber Payments Program in the Bureau of Land Management budget.

So we're trying to figure out exactly what's happened. I can see in your expression that you're puzzled too. But in effect the part of the program run by the Bureau of Land Management now seems to be shifted to the Forest Service. We're trying to explain how the money is actually going to get to these rural communities that are just on life support for all practical purposes.

Ms. Haze, can you give us some direction on it? Because we can't figure out what portion of the County Payments Program is going to come from the Forest Service? What your role is going to be? Particularly where they're going to get the money they used to get from you all?

Secretary SALAZAR. Senator Wyden, I'll have Pam comment on the split between Forest and BLM.

Senator WYDEN. Right. Good.

Secretary SALAZAR. But according to Secretary Vilsack, the money in the President's budget for these payments is about \$328 million. That's in the USDA Forest Service budget.

As you know since my time here in the Senate it was an issue that I worked with you on. I was very concerned about. We con-

tinue to work with the rural communities in Oregon to see how we can pilot some of the timber harvesting efforts that I believe would be helpful for the economies of these rural communities.

Let me ask Pam though to describe for you to the extent that we know at this point in time how the \$328 million that will go through the Forest Service budget a part of which is to go through the BLM budget how that ultimately will impact the O and C counties.

Pam.

Ms. HAZE. So the 2012 budget for the Forest Service includes as the Secretary said, \$328 million to the first year of a 5-year re-authorization to come in behind the secure rural schools that's expiring. They put the full amount of funding in the Forest Service as opposed to splitting it between Forest Service and BLM. The budget says that the Administration is open to discussions with Congress about whether this should be a discretionary or mandatory appropriation.

So at this point it's not viewed as a split in payments. It's all sitting in Forest Service.

Senator WYDEN. Mr. Chairman, thank you. I'll need to go over this with you further because we're still baffled about how the BLM funds are going to get out there. But I'm way over my time.

I thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Senator Hoeven.

Senator HOEVEN. Thank you, Mr. Chairman. Secretary, good to see you again. Thank you for your visits to our State. Been there a number of times and of course, even some times when we had some serious flooding and you were there to help out. We appreciate that very much.

One of the things I'd like to talk to you about for just a minute is the oil and gas development in Western North Dakota in the Williston Basin areas. This affects you directly through BLM lands that you have. It also affects you directly through the BIA because of the reservations we have. There is significant oil and gas development on the reservations which is tremendous benefit to the tribes as well as, you know, to our State and creates not only more energy but employment opportunities and revenue to the tribe.

One of the things that we're working on right now though involves USGS which is under your purview. The Bakken Formation was originally identified as having about 2 billion barrels of oil recoverable under the USGS survey that was done. So I've been talking to Brenda Pierce about coming back and having the USGS do an updated survey with the North Dakota Geological Survey. We'd do it together with you jointly.

I know that, you know, resources are tight and that there are many demands on USGS to do analyses around the country. But we have a unique situation in that we're looking at both at the Bakken Formation and the Three Forks Formation. The last study done, as I say, identified 2 billion plus recoverable barrels, far more than oil in plays.

But some of the companies that are in there now producing a tremendous amount of oil. We'll produce an excess of 120 million barrels of oil this year which is a significant benefit obviously to our

country, feel that there's significantly more recoverable reserves there. So USGS coming back and working with the State of North Dakota to do an updated study would help bring resource development to that area.

Not just oil companies because we have them in there. But some of the infrastructure development, some of the housing development, restaurants, all those kinds of things which not only off reservation but on reservation bring that private investment if people and companies understand that there's a significant level of recoverable reserves there. So I think it represents a great opportunity and should be a real priority for USGS.

Brenda Pierce has been very good to work with but again this is a resource issue. But it has tremendous revenue potential for the tribes, for our State, for the Federal Government because these oil companies and the revenues that they generate. So I would ask one, I guess, if you're aware of it.

Two, if you'd be willing to look into it and really lend your weight and your support to this effort. I think it's a real opportunity.

Secretary SALAZAR. The answer to that, Senator Hoeven, is yes. We absolutely will. I will make sure. Ask David and Pam to help me follow up with Dr. McNutt and with Brenda.

I know the potential in North Dakota. I have visited there. You are correct that there has been a lot of new geophysical information that has been developed. It seems it would be timely for us to do an update on the USGS study.

You also are very correct in putting your finger on the possibility of bringing some economic development to oil and gas development production on tribal lands. I personally visited the Fort Berthold Reservation where frankly it was incredulous to me that in the past there was no oil and gas production there because it was taking so long and so many bureaucratic hoops at getting permits. So we developed a one stop shop permitting process at Fort Berthold and are working with the tribes to make sure that they are able to develop their resources. So it's a high priority within BIA.

But you're right. You know the economy of your State. But there's huge potential there.

Senator HOEVEN. That help with BIA has been very important. We're going to need it going forward both for continued oil and gas development but also they're working on a refinery project. So we're going to need Department of Interior's help. So we appreciate that help. We're going to continue to need it.

The other thing is touch on for just a minute. You talked about renewable energy development. Would you touch on that for just a minute in the remaining time?

Secretary SALAZAR. We are working very hard on renewable energy projects that are located on public lands. Some that are located on private lands where there's a Federal nexus. Much of the activity has been focused in California because of Governor Schwarzenegger's leadership there and because of their legal structure and the potential of solar in the deserts of California and Nevada and Arizona.

But we believe that there is strong potential in many other states on renewable energy. So as part of the conversation with the Western Governors just this last weekend we spoke about how we



could expand those efforts beyond where the focus has been. I believe specifically that with North Dakota when you look at the key issue that we have with renewable energy in North Dakota we have the best wind in North Dakota but we have the constriction of transmission.

So we have put together a team which includes Secretary Chu and Chairman Wellinghoff from FERC and other key people who are trying to look at the creation of what we call foundation lines that will help us deal with the transmission issue. I will note parenthetically that just in the last 2 years since I became Secretary we have permitted about 5,000 miles of transmission on public lands mostly in the West. I don't know that any of them involve North Dakota.

But it's something that we're keenly aware of. Harnessing the power of the wind in North Dakota and being able to move that power down into consuming cities like Chicago is something that I know is of high priority to the President. It's a high priority to us.

Senator HOEVEN. Thank you, Secretary. I appreciate that.

Secretary SALAZAR. Thank you, Senator.

The CHAIRMAN. Senator Franken.

Senator FRANKEN. Thank you, Mr. Chairman.

Thank you, Mr. Secretary. I'm pleased that Senator Hoeven asked you about development of energy projects in Indian country. That's something that as a member of the Indian Affairs Committee and of this committee that I'm obviously very interested in. We're of course right next to North Dakota and our wind is very good to and closer to Chicago.

[Laughter.]

Senator FRANKEN. So but not to sound too parochial. But I do want to get into some cuts in the Bureau of Reclamation budget, especially the \$146 million cut in for water projects. This is a major issue in Southwestern Minnesota which is a rural part of my State that doesn't have enough water. It's killing economic development in the region.

To help these communities as well as many in South Dakota and Iowa, Congress authorized the Lewis and Clark Water Project for \$274 million back in 2000. Are you familiar with the project?

Secretary SALAZAR. I am.

Senator FRANKEN. OK. The State and local communities in Minnesota have already paid their full share for this project. So it's my job to make sure the Federal share comes through.

I know that the President shares my view that we need to invest in infrastructure projects to create jobs right now. That's exactly the type of project we need to do that. The \$493,000 in this budget proposal is virtually nothing to move this forward.

At this rate the project will literally never get done. I just do not believe that's fair to the communities that have put up their full share. Communities like Luverne or Worthington or any of the others who've paid their full share and are waiting for the Federal Government to pull its weight.

You talked in your testimony about broken promises. This feels like, to me, like a broken promise to those states and those communities. When you're considering annual funding for rural water

projects how does your prioritization account for whether or not the local funding share has already been paid if State and local share has been paid for all 7 rural water projects funded in the FY 2012 budget?

Secretary SALAZAR. Senator Franken, let me just say that the Lewis and Clark project is a priority project for us. We want to figure out a way of moving it forward. You, I know, are aware that just from the Recovery Act funds I directed \$59 million plus just to go into advancing the Lewis and Clark project. I know it's not complete and we have a lot more work to do.

Senator FRANKEN. At this rate it will never get done. It just will never get done.

Senator FRANKEN. The 493, I don't know what it could do. It could probably maintain what's been built so far, maybe.

Secretary SALAZAR. I think there are different components of the project that are moving forward. As I said at the beginning, you know, this is a tough choices kind of budget. There are a lot of places that are being hurt and impacted.

I want to find a way in moving this project forward because I know the importance of that project. I know the fact, the importance of honoring the investments that have been made both by the locals as well as by the Federal Government in moving the project to where it's at today. So it's one of those things where we need to keep figuring out ways of moving forward.

It relates in large part, I think, to the infrastructure needs that we have in the United States of America relative to our water supply projects because it's not just the Lewis and Clark diversion. I think in almost every place around the country you will find huge needs with respect to our infrastructure.

Senator FRANKEN. But I had a particular question. I don't know if maybe Mr. Hayes or Ms. Haze knows the answer to this. But have the State and local shares been paid for all 7 rural water projects funded in the FY 2012 budget?

Secretary SALAZAR. I think for the Lewis and Clark, it has been paid. The local—

Senator FRANKEN. Yes, that was my point.

Secretary SALAZAR. The local share has been paid.

Senator FRANKEN. That's my point. In other words what are local communities to think if they hold up their end of the bargain on a water project or any other project and then they start to build it and all the building starts? I mean this feels like a waste of money if you start something and then it's not funded.

The Federal Government doesn't hold up its end.

Secretary SALAZAR. Let me tell you, we, if I had my way, we would be fully funding it and I mean, done it. OK?

[Laughter.]

Senator FRANKEN. OK.

Secretary SALAZAR. The question here is the budget and there are specifics probably with the Lewis and Clark project and let me ask either the Deputy Secretary or the—

Senator FRANKEN. Maybe we can do that later, right? I mean?

Secretary SALAZAR. If that is your wish where they would?

Senator FRANKEN. Do you have an answer? Oh, you do? OK. Thank you.

Ms. Haze.

Ms. HAZE. Yes, sir. In allocating the money across the projects that are in the budget what the Bureau of Reclamation uses to prioritize and where they focus the resources is based on 3 things.

The first is operations and maintenance is a first priority. So as you were saying if there's an operation, ongoing operation need that gets a high priority as opposed to construction which would be a lower priority.

Based on Federal law and to protect the Federal investment already made.

Then the third is on reservation and off reservation populations.

Then fourth the percentage of project completed.

So they use those 4 factors to look at the rural water projects.

Senator FRANKEN. OK, I thought—that doesn't answer my question.

Ms. HAZE. About whether they consider the investment made?

Senator FRANKEN. No, I asked have State and local shares been paid for all 7 rural water projects funded in the FY 2012 budget?

If you have to get back to me on that, it's fine.

Secretary SALAZAR. Yes, let me do—

Senator FRANKEN. But that was my question.

Secretary SALAZAR. Yes, Senator Franken, let me get back to you on the specific information on the 7 projects. My understanding is that the Lewis and Clark part has been paid the local share. But let me get back to you.

Senator FRANKEN. Yes, I know that we've paid.

Secretary SALAZAR. They will have—I will have Commissioner Connor also just provide you an update on where we are on Lewis and Clark and how it is that—

Senator FRANKEN. I'm glad that you said that if it was up to you it would be fully funded. We'll see what we can do about getting things more up to you.

Secretary SALAZAR. We would appreciate it.

Senator FRANKEN. Yes, I'll talk to some people.

[Laughter.]

The CHAIRMAN. Why don't we take a short recess?

Let me just advise that Senator Landrieu is chairing another committee and has asked if she could come when we reconvene and ask her 5 minutes of questions. I've told her to plan to do that so she could come back here fairly quickly and start the hearing again in my absence. But we will startup as quickly as we can get back after the vote.

[Recess.]

Senator LANDRIEU [presiding]. The meeting will come back to order. I thank everyone for joining us. The chairman will be back shortly as we're in the middle of a vote. Some of the members are here so we're going to continue our line of questioning.

I thank Senator Bingaman for allowing me to take my time now. I've been chairing a Homeland Security Appropriations Committee, Mr. Secretary, all morning and was just not able to slip in here earlier to greet you. But I thank you for being before the Energy Committee this morning.

I want to get right to the issue of the day for Louisiana and the Gulf Coast which is the permitting process in the Gulf of Mexico.

As you are keenly aware although the accident of the Deep Water Horizon didn't have anything really to do with shallow water drillers it was in deep water. It was the first such explosion in over 40 years.

The shallow water permitting process has been severely impacted. Just to give you the numbers.

In 2009 there were 16 shallow water permits issued in January.

In 2012—I'm sorry in 2010, there were 12.

This January that we just passed there were 2 shallow water permits that were not the cause nor were they close to the accident in the deep water. The technology is exceedingly different.

So my first question will be about shallow water.

My second will be about deep water.

But Mr. Secretary, what are you specifically doing to get these permits increased so our people can get back to work? As I said when I greeted you I wished that you had brought some in your pocket this morning. But go ahead.

Secretary SALAZAR. Thank you very much, Senator Landrieu.

I believe that I have probably been to Louisiana as much as I have been to any other State in large part because of our need to deal with issues of oil and gas in the Gulf. As well to deal with the restoration of the Gulf of Mexico and the programs that you care so much about. So I look very much forward to continuing to work with you on the whole set of panoply of issues in the Gulf of Mexico where we respect the permits near the cathartic experience of April 20th required us to make sure that we are moving forward to stand up an agency that would be robust. Would be able to do the right job in terms of protecting the environment and protecting people and allow oil and gas exploration to move forward.

Would say very quickly our policy is clear. That is that we support exploration and development in both the shallow waters and in the deep waters. We have moved forward to develop the kinds of standards that will allow us to meet our safety and environmental objectives as well.

In the shallow water the last number that I saw and I'll have David talk just a little bit about numbers, is that we have issued 37 well permits for the shallow water. I think there are a number that are pending in the deep water. As I know we communicated to your office on Monday we issued the first deep water permit.

Let me have David give a little more texture though as to the pathway forward on permits because I know that's a key issue for you.

Senator LANDRIEU. You can be as specific as possible and as brief as possible.

Mr. HAYES. Yes, Senator, on both scores. On the shallow water we have received 47 applications since the moratorium. 37 of the 47 have already been approved. Seven are pending. So we are continuing to process those on a regularized basis.

Then on the deep water—

Senator LANDRIEU. Is that for shallow or deep?

Mr. HAYES. That's for shallow. So 47 received. 37 already approved. Seven pending. So I believe that 3 have been sent back for more information.

Then on deep water we've received 18 permits. 12 were returned for more information. We've already approved one on Monday. We expect now that the containment system is available to be approving more.

Senator LANDRIEU. OK. But another to say that and this is my last question because I've got to leave or comment. 18 deep water have been applied for. 12 have been returned. One has been issued.

So I add 18 plus 12 is 30. So 30 are trying to get operational again. You all have issued one.

So when applications are returned what I'm hearing, Mr. Secretary, from the industry is they're returning them to us because we're not sure of the requirements that they are requesting of us. I know the containment was an issue. That's being fixed with the Helix system and the larger system. So that is one area.

But what I'm still hearing from the industry is there's uncertainty. They're still, you know, getting mixed signals from the office down in the Gulf as well as from up here. So I'm going to crunch these numbers, you know, again, with you.

But for the deep water permits we've issued one. But there are other applications pending. For shallow water just because they're returned, you know, doesn't mean that they're not intent upon drilling.

Again, I'll just go back to just the shallow water numbers. Again, in January 2009 there were 16 shallow water permits operating. Then the next year there were 12 were issued. This January it was 2.

We're so far off the historic level. We've got to get it back up as quickly as possible. I just urge you to continue to do everything that you can to do so.

Mr. Secretary.

Secretary SALAZAR. I think the numbers just, if I may, Senator Landrieu, I think David—the numbers I think are—repeat the numbers so we make that we're all—

Senator LANDRIEU. It will be clear what we have.

Mr. HAYES. Just to be clear, Senator. It's not a total of 18 and 12. There have only been 18 applications filed.

Senator LANDRIEU. OK.

Mr. HAYES. Twelve of those 18 were returned.

Senator LANDRIEU. Twelve returned. OK, so it's 18 that are pending and one, not 30, but 18 deep water either pending or trying to get to the point—

Mr. HAYES. Right.

Senator LANDRIEU. Where they can be examined and one issued.

Mr. HAYES. Until literally last week there was no containment capability being shown by any of the permit applicants. Now that is in place for on a well by well basis. So we're very pleased to be able to move forward and begin granting permits once again.

Senator LANDRIEU. Mr. Chairman, just one more question.

That's again on a well by well basis. Some of these wells are very similar in the sense of their volume that they're trying to produce. We know what these containment capabilities are now.

I understand you've got to look at each individual permit and each individual well drilling plan. But if this equipment is sufficient you could say a more positive statement about we anticipate

that if you're using the Helix system or you're using the well containment system, we anticipate no problem with your application. As opposed to the comments well, even though the containment systems are there we're still going to take it well by well.

I mean some of it is just language in terms of leaning forward so the industry gets some more positive signals. I would hope, Mr. Secretary, that you would take that in the spirit of constructive criticism. I hope that we can be a little bit more positive so that the industry gets some more positive signals from you all in the near future.

Secretary SALAZAR. If I may, Mr. Chairman.

The CHAIRMAN [presiding]. Sure.

Secretary SALAZAR. A response to Senator Landrieu because this is a huge issue for the country that obviously goes beyond Louisiana and the Gulf. We are doing everything we can to stand up the oil and gas production capability that we have in the Gulf of Mexico. But I will also tell you that given the lack of preparedness on the part of industry and the consequence of the Maconda well which was a nightmare that you and many people in this country lived through.

It's important that we get it right going forward. You know, I spent all of my Friday in Houston taking a look at the 2 containment systems NWCC and the Helix containment system. It is no secret, I mean, there may be those who would go out and—it is no secret that there is still a lot of work to be done.

There may be some who would go out and cheerlead and say we have the latest and greatest and it will deal completely with the problem. It is not the case. There's still significant amount of work to be done with the NWCC system, a second chapter that is going to take a year or 2 to be able to develop.

With respect to the Helix system those the ceiling cap itself was just tested in the last couple of weeks. So we have been doing everything that we can knowing that it's going to be a work in progress. But I think what should be unmistakably clear is that the policy that we have in this Administration is to support oil and gas drilling both in the shallow waters as well as in the deep waters. We just want to make sure that it's done right and in an environmentally safe way.

We recognize the importance of the production of oil as well as jobs. Very interestingly even in the last since the Maconda well, we continue to produce, very robustly, from the Gulf of Mexico. In fact the production has not been interrupted because of the actions that we've had to take since April 20.

Senator LANDRIEU. But the jobs have. Thank you.

The CHAIRMAN. Senator Barrasso.

Senator BARRASSO. Thank you very much, Mr. Chairman. Mr. Secretary, welcome back to the committee. It's always good to see you.

A little earlier, Mr. Chair—Mr. Secretary, you mentioned something about the importance of putting things into context. Associated Press headline Monday of this week was "High Gas Prices Rattle Drivers and Businesses." That's the context.

Oil topped \$100 a barrel last week. Oil prices have been heading this way for months and just last week a USA Today headline, "If

Unrest Spreads Gas May Hit Five Dollars a Gallon.” They’re talking about this summer.

That’s what I hear about at home. It’s what I heard about at home in Wyoming this past weekend. It seems to me though that this Administration has put a virtual freeze on offshore drilling.

The Department of Energy estimates that the domestic production will decrease at least 13 percent because of the shut down. Costly regulations are making all forms of energy more expensive. In the State of the Union, the President said he supported an all of the above energy strategy.

Unfortunately the policies that I see coming out of the Administration don’t always match the words that are being spoken. I think when it comes to the Energy Policy this Administration is picking winners. It’s picking losers and has cutoffshore production.

Recently announced it was slow progress on oil shale even though the Western United States has the largest known oil shale deposits in the world. The Office of Surface Mining has proposed coal mining regulations are going to jeopardize thousands of jobs. The Department’s Wild Lands Policy which you discussed a little earlier will further block energy production on public lands.

The President recently said I’ll go anywhere, anytime to be a booster for American businesses, American workers and American products. So the question is, in your opinion, does domestic energy development boost American business, American workers and American products?

Secretary SALAZAR. The answer to that is, Senator Barrasso, yes, indeed. That’s been the policy that this Administration has followed. I think when you look at any of the statistics which I could cite to you. But let me just cite a couple to you.

In 2010, the issuance of 5,237 APDs onshore.

In 2011, we expect to issue even more than that. The projection is that we’ll have 7,250 permits that are issued.

We have 41 million acres of the public estate that are leased out offshore for oil and gas leasing.

In the offshore we have 38 million acres. We are hopeful that we’ll be able to move forward with a new lease sale in the Gulf of Mexico this year.

The efforts that we have put into developing a robust energy program in the oceans of America is central to this budget. So we need your support, Senator Barrasso and that of Congress in order to make sure that we have a robust Bureau of Ocean Energy Management which is one of the key issues that we addressed earlier on in the hearing.

Senator BARRASSO. Because in October 2010 the Administration issued new offshore drilling regulations. I have the Federal register here with the—from the Department of Interior. In justifying the new rules and its impact on American production, this is what your Department said. This is October 14.

The impact on domestic deep water hydro carbon production as a result of these regulations is expected to be negative.” Expected to be negative. They go on in the same page. “Currently there is sufficient spare capacity in OPEC to offset a decrease in Gulf of Mexico deep water production that could occur as a result of this rule.”

I guess the question is do you still agree with that statement made by the Department? Don't worry about domestic oil production. We can just get more from OPEC because that's what the Department said in October?

Secretary SALAZAR. Let me just say that our expectation on our conclusion is that we do not produce enough oil and gas—oil. Gas is a different subject. Oil in this country to influence the price of oil because it's set on the world markets, OK?

So what we do here in terms of production is not going to influence the price of oil. The amount, for example, from Libya at 2 percent which I think is what is disrupted here. There are other ways in which that may be handled another issue that are—alternatives that are being looked at.

But in terms of the Gulf of Mexico and production we continue to have a robust production as we did this last year. We expect to continue to have a robust production in 2011 as well.

Senator BARRASSO. I would hope that the Department would consider what another run up in oil prices would do to any sort of an economic recovery and make additional opportunities available for production in the United States. Because I just have a lot of concerns when I see the Department of Interior with a statement, "Currently there's sufficient spare capacity in OPEC to offset a decrease in Gulf of Mexico deep water production that could occur as a result of this rule," a rule written by the Administration. Those are American jobs, American families, American businesses that are being impacted, jobs that are then just going overseas.

Mr. Chairman, I know my time is up. Last year when the Secretary testified on the President's budget, March 3, the committee didn't actually receive responses to the questions submitted for the record until October 19, 7 months later. I think this lack of responsiveness is something that is not right.

I'm going to be submitting questions for the record today. I hope I can get your commitment, Mr. Secretary, that the Department will be able to get back with a much more timely response.

Secretary SALAZAR. We will work on them and get back to you as soon as we can, Senator Barrasso. As you know my phone is always available to you to call me on any of these questions. We have a lot of work to do in the Department.

Standing up the new agency at the Bureau of Ocean Energy Management, looking at these oil spill containment issues and in every one of the states there are huge issues which we spend a lot of time on whether it's in the State of Alaska or the State of Wyoming or the State of Utah. But we will attempt to get you the information that you asked.

Senator BARRASSO. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Lee.

Senator LEE. Secretary Salazar, thank you for your testimony today. As a fellow Westerner I welcome you to the committee.

As you know two-thirds of my State, the State of Utah is owned by the Federal Government. The overwhelming majority of that, 42 percent of all the land in Utah is owned and managed by the Bureau of Land Management. So we clearly have a lot of work to do together.



There are many areas of the Department's budget that potentially affect my State. I think there is certainly no institution anywhere that has a more profound impact or even as profound an impact on my State, on its economy, on its citizens, on businesses and on people engaging in recreational activities in my State than the U.S. Department of Interior. So this is of most importance to us.

The U.S. Department of the Interior has never possessed the power to designate wilderness. That power has always been reserved and is always exercised exclusively by Congress. In your correspondence with my predecessor, Senator Bennett, you acknowledged in a letter written in May 2009 that Interior's authority pursuant to section 603 of FLTMA to identify lands for wilderness characteristics and make recommendations to Congress about possible wilderness designation of those lands expired in 1993.

I'd like to ask you to state clearly what the distinction is between the FLTMA authority under section 603 that expired in 1993 and your authority that you have now given yourself under your Wild Lands Policy. How does your Wild Lands Policy and what it does? What it does as far as setting aside land effectively for management for its wilderness characteristics? How does that differ from designating something under section 603?

Secretary SALAZAR. First, let me say, Senator Lee, congratulations on your election. I look forward to working with you as you serve here in the U.S. Senate on the issues relating to Utah and this country.

We recognize the importance of the public estate and the involvement of the Department of Interior on so many features of your State. I think the economic contributions from Zion and our National Parks as well as energy development both conventional as well as renewable are huge economic contributors to your State. We work closely with your Governor and we work closely with others on making sure that we have the right kind of partnership.

With respect to the wild lands issues which you raise. There is authority, in my view, conclusive authority in sections 201 and 202 of FLTMA to manage the public estate for multiple purposes including conservation. So the Secretarial order that I issued recognizes that. That conservation and lands with wilderness characteristics are part of that responsibility which I have as Secretary of Interior.

So I recognize that No. 1, that in terms of the designation of a wilderness area that that is a Congressional authority and not an authority that I have as Secretary of Interior or the BLM has. So I recognize that.

No. 2, I also recognize that our order, the order which I signed, doesn't set aside a single acre of lands with wilderness characteristics. What we will do is to work with the states and local communities in terms of the resource management plans to address those areas where there may be agreement with respect to how we take care of these places that need to be protected for their conservation purposes—

Senator LEE. But how will the management of those lands differ from wilderness areas? In other words, will it practically affect if you designate something as wild lands?

Secretary SALAZAR. In practical affect if you read the order and Senator Lee, knowing your legal acumen, you probably have read the order several times.

First, there's certainly a recognition there of honoring existing rights.

Second of all there is also the multiple use concept that is included in several of the sentences of the order that say even if lands are designated for wilderness characteristics that if the other multiple use purposes for which BLM must manage its lands under FLTMA, take precedence. That will be a use that will be allowed. So it will have a different management regime than lands that have been designated as wilderness by Congress.

Senator LEE. But this still will differ than how the lands would be managed in the absence of the policy, correct?

Secretary SALAZAR. In the absence of the policy there will be a difference as a result of the resource management plan so that we make sure that the conservation values are at the table in the same way that oil and gas development is at the table or other uses of the public estate.

Senator LEE. What about the fact that over the last 10 years or so we've had counties and State government officials throughout my State, throughout Utah, who have worked really hard on resource management plans and on laws of negotiations that go along in the development of resource management plans? We've also got a number of counties that have worked with officials from BLM. That have worked with people from the Southern Utah Wilderness Alliance and other environmental interest groups to develop comprehensive land use management bills that have gone forward like what we had from Washington County.

What do I say to the State and local government officials in Utah who now fear that the negotiation, the effort that they put into that, is now placed in jeopardy? That they can't rely on that. What do I tell them?

Secretary SALAZAR. We will go through the regular resource management plans. I'm going to have David, because he went to Vernal, Utah to meet with about 800 of your constituents within the last year respond in part to how we will incorporate the resource management plans that have been developed in connection with the new policy.

Deputy Secretary.

Mr. HAYES. Senator, the whole point of the wild lands policy is to use that public process that you're talking about, the R and P process to identify lands that will be managed for wilderness characteristics. Primary difference between this and 603 is that it can be changed. That's the whole concept of R and Ps is that they can be changed.

What happened in your State, as you well know, is that there were inventories done for wilderness characteristics but the R and Ps for the 3 major R and Ps in the East, Eastern Utah, did not identify, provide guidance at all to BLM or to lessees about whether the fact that there were these lands with wilderness characteristics should have any impact at all on leasing decisions. We think that's not right.

That R and P process should provide some guidance to lessees and to the public about how those lands will be managed. If in the future or in connection with this process some lands with wilderness characteristics should not be kept that way, that can be part of the process as well. There's no prejudging going on here.

Senator LEE. But my understanding is that those R and Ps, let's take the fertile R and P for example. It identified certain lands as suitable for leasing and others as not.

Mr. HAYES. It identified virtually everything as suitable for leasing. The amount of land in the Vernal R and P, the other 2 R and Ps, I think it was a very, very small percentage of the lands with wilderness characteristics.

Senator LEE. But it did identify some?

Mr. HAYES. Yes, it did.

Senator LEE. Those were not identified as suitable for leasing.

Mr. HAYES. That is correct.

Senator LEE. So this is an effort to undo that.

Mr. HAYES. No. It's an effort to raise the question to talk about—to provide some guidance to everybody as to the areas that have wilderness characteristics that for which there's no guidance to anyone as to whether specific leases will be honored or not. We want to provide more guidance.

Because what has happened, as you know in Utah, is that some of those area's leases have come in. They've all been protested. So the whole system has been gummed up by litigation because the environmental groups have expressed concern about putting leases in areas where there's no infrastructure, where there are wilderness characteristic, etcetera. We think there should be more clarity to the process.

Senator LEE. OK. The fact that they've been protested, the fact that they've been litigated doesn't mean that there wasn't an analysis undertaken. The fact that there was less land than you would like to have been designated as not suitable for leasing doesn't mean the question wasn't asked and answered during this protracted process.

So you haven't really answered my question as to what I'm supposed to tell these local government authorities. But I see my time is far expired. I'll submit the remainder of my questions in writing.

Thank you.

The CHAIRMAN. Senator Portman.

Senator PORTMAN. Thank you, Senator Bingaman. I'm sorry that I couldn't have been here earlier, Senator and Secretary Salazar to hear your comments. As you know we're asked to be sometimes several places at once.

You must like that about your new job. You kind of know where you're supposed to be and you can be there.

Secretary SALAZAR. I remember when you were on this side of the dais.

Senator PORTMAN. Yes. It's actually a lot nicer on this side in some respects.

[Laughter.]

Secretary SALAZAR. It's a little bit higher, see?

Senator PORTMAN. Yes. I think that's on purpose.

I'm sure this question has come up already in the hearing. But as you can imagine one of my questions is one that I would guess the chairman and ranking member have already asked you about which is the leasing, Outer Continental Shelf leasing and specifically the moratorium in the Gulf of Mexico and the deep water permits. I understand one has now been granted.

But the moratorium is now, what, 10 months old. My understanding from press reports I've seen is that a number of rigs have left the Gulf making it very difficult for us to resume what is a more and more important issue for us as energy prices are going up and foreign oil is becoming even more expensive. My understanding is that we're looking at the possibility of 100 dollar a barrel coming up or nearing it now. If you look at the amount of oil that could be produced the moratorium is probably costing the United States 200,000 barrels of new supply and maybe up to 600 to 800,000 barrels per day at the last for a couple of years.

These rigs have gone to Africa. They've gone to Latin America and elsewhere. It's tough for them to come back.

So can you tell me, again you may have had to answer this question already today? What specifically is your plan as Secretary of the Interior, as you know you have the lead on this, not the Secretary of Energy or others? How much longer do we intend to keep these policies in place and how quickly can we get oil production back?

Secretary SALAZAR. Senator Portman, I very much appreciate the question. Congratulate you also on your election here to the U.S. Senate.

Senator PORTMAN. Thank you, Secretary.

Secretary SALAZAR. Let me first say that there is a myth about the exodus of rigs from the Gulf of Mexico because frankly if you do a count of the rigs that are in the Gulf of Mexico now. The number has actually gone up. Including companies that have told me that they're moving their rigs from other places into the Gulf of Mexico because they view that that is a place where there is significant resource and that we are moving forward with the policy that encourages development in the oceans of America including in the Gulf of Mexico.

Second, with respect to the so called moratorium. The moratorium was lifted back at the end of last year. I believe in the month of October. What was not ready at the time and still is in the process of getting ready is the oil spill containment capability. So that if you have another blow out like the Maconda well at 50,000 barrels a day, that they'll be the capacity to come and to shut that oil spill down in a quick fashion. That the response capabilities are there.

I was in Houston on Friday meeting with both the Helix containment system officials as well as with the Marine Well Containment Corporation officials. Frankly, while components of that program have been built so that at least with respect to one of the systems we were able to issue one of the permits that was dependent on that oil spill containment program, there's still other chapters that they are working on to get those systems in a better position. But there are key questions.

I, at the end of the day, Senator Portman, have the responsibility to make sure that we have safe oil and gas production. So while I agree with the policy that I know you advocate and Senator Murkowski, Senator Bingaman as well, that we develop these oil and gas resources in the Gulf of Mexico. I ultimately have the responsibility to make sure that it's done in a safe way. That is where Michael Bromwich and David Hayes and a number of other people have been working with me to make sure that it happens.

The first deep water permit issued I expect that that will become a template. There are others that will be issued in the days ahead that will become a template for additional deep water permits to be issued.

Senator PORTMAN. Thank you, Secretary. It might be helpful for the committee to get the correct information on the rigs and that's such an important component here because the press account certainly indicates there has been significant movement. That's why I mentioned the 2-year figure because some have said it would take that much time for some of this infrastructure to return.

Second, I think on behalf of a lot of members of this committee, we do believe that given the turmoil in the Mid East and just given our energy issues that we had prior to that in terms of our dependency on foreign oil that this is a critical part of at least a transition strategy to get us to an energy policy that makes sense.

So I thank you for your answer today. Look forward to follow up, and I appreciate your being before the committee.

Secretary SALAZAR. Thank you, Senator Portman and if I may just add one more thing.

I think there is a sense among some people that production in the Gulf of Mexico essentially was brought to a standstill at the time of the Maconda well explosion. Even during the spill we continued to produce significant amounts of oil and gas from the Gulf of Mexico. In fact, I believe that we are currently producing 50 million barrels of oil a month which is essentially the equivalent of what have been the all time highs of production of oil and gas from the Gulf of Mexico.

So the policy which I think is one that we can agree on is that we are moving forward with the development of oil and gas resources as part of the broad energy portfolio which the President spoke about in the State of the Union.

The CHAIRMAN. Senator Coons.

Senator COONS. Thank you, Mr. Chairman. Mr. Secretary, happy birthday.

Secretary SALAZAR. Thank you, Senator.

Senator COONS. Welcome. Senator Carper specifically urged me to convey to you his birthday wishes today. As you know we in Delaware are very interested in team play.

This has been an engaging committee hearing today, and I am grateful for the hard work you're doing. A lot of the discussion today is focused on oil and gas leasing.

Understandably it's a central concern for our Nation and for your Department. But I'd like to focus a little if I could on offshore wind. I was pleased to see that the Land and Water Conservation Fund get full funding. I was interested in the Rivers and Trails program

in the Park Service. But I want to focus our conversation today about offshore wind.

I was pleased to be able to join you last November for the announcement of the Smart from the Start initiative. Glad to see that initiative continuing to move forward. To see in your budget that Delaware gets another, I think, nearly \$2 million increase in funding for renewable energy development.

I just want to make sure that as we're moving toward, hopefully, permitting and transmission line for offshore wind off the whole region and permitting for the Delaware offshore wind site that you've got all the resources and all the focus that you need. Wanted to make sure if there was anything else we could be doing to encourage that rapid progress to develop a U.S. based renewable energy source that I had a chance to ask of you what else could we be doing to support and sustain this effort by your Department?

Secretary SALAZAR. Senator Coons, thank you for the question. Congratulations on your election as well to the U.S. Senate and I very much look forward to working with you on Delaware issues including offshore wind and the last remaining State without a national park. So hopefully we'll be able to work on those issues together.

On offshore wind let me just say that on the Atlantic I think that is one of the most significant opportunities that we have as a Nation because of the grid capacity and our ability to hitch into the grid without having to go through the constriction of transmission that sometimes we have on the onshore as well as the quality of the winds. What we have done is launched a Smart from the Start project on the Atlantic because of the potential there. I'm going to ask David to speak some about that because he's been leading with them in the Department how exactly we're going to get it done.

My goal is to make sure that when we look back at these times 20 years from now one of the things that we will see is a robust offshore wind electrical production that is capable of powering a significant amount of our Nation's power needs along the Eastern Gulf.

David.

Mr. HAYES. Thank you, Senator and thank you for joining us in Baltimore for the event in November. We are proceeding. I think we have the support we need. We do need the additional resources to keep it going.

What we're doing, as you know, is we've identified a wind energy areas off the coast that look like they are the most promising for development. We're now in the process of preemptively bringing together all of the Federal family to pull together data that will be relevant to potential leasing out there. We will then have lease sales as early as the end of this year where the prospective bidders will have detailed information from the Department of Defense, from NOAA, from Interior, from Transportation and all the equities so that they will have a better base of knowledge to make sound leasing decisions in.

We believe this will concentrate the development in areas that make the most sense off the coast. Also potentially facilitate an offshore transmission line. So we are proceeding.

It's really an unprecedented effort. I will say that the support of other agencies in working with us is going to be critical here. So we appreciate the chance to continue to work with you on this.

Senator COONS. I would appreciate if you'd let me and others who are interested know if there are challenges in terms of your working with other agencies because it is, in my view, critical that we appropriately streamline the permitting and review process here. The University of Delaware is also standing up a research facility to provide some of that data on wind and waves and conditions and so forth which I hope you'll be collaborating with because I think they bring additional resources to the table.

Are there any major barriers that you see to the deployment of the offshore transmission line? What do you see as the possible timeline for reviewing permitting on that project?

Mr. HAYES. Senator, I think the ball is in FERC's court on that in terms of the offshore lines. We are prepared to process an application as soon as it comes in.

Senator COONS. Tremendous. Thank you, Secretary.

Secretary SALAZAR. Let me add a comment to that, Senator Coons because I know that when you look at the Atlantic and the fact that we control those submerged lands as one United States of America creates a great opportunity for us to build transmission that then we can connect up to the grid of the major consumers of electricity along the Atlantic coast. So there are a number of proposals out there. Some of them look very promising with significant capital from the private sector.

We have looked at this issue of transmission with interdepartmental effort and meetings with Secretary Chu, Secretary Vilsack because of the onshore Forest Service world as well as Commissioner Wellinghoff from FERC to make sure that we are being as helpful as we can to deal with the transmission issues. So they're promising projects that are out there. There are projects out there that have significant capital behind them.

So it is something which is, I would say, if you talk about 5 highest priorities within the Department of Interior in the renewable energy world, this is one of the very highest.

Senator COONS. Great. Thank you. Thank you for your response. Thank you for your sustained leadership on this important issue. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Murkowski, did you have additional questions?

Senator MURKOWSKI. Very quickly, Mr. Chairman. This is always an easy one, Secretary. This is about ANWR.

Last week, you unveiled your vision plan on the wildlife refuge systems. We look forward to commenting on that.

But ANWR has the wildlife refuge up north. As you know we've gone through the public hearing process that you have started to gain ideas for what plans should be considered. There has been considerable opposition, from what I understand, in terms of comments that have been submitted, to a proposal for additional wilderness in the Arctic Coastal Plain area.

We've had a lot of discussion today about wilderness, the Wild Lands policy. You have repeated numerous times here that it's

Congress' job to designate wilderness area. The question that I have for you and the direction that the Department is undertaking with this new ANWR plan is pretty basic: is the Department considering wilderness studies or proposed wilderness classifications for the Coastal Plain of ANWR?

Secretary SALAZAR. Senator Murkowski, we are currently in the process of doing the review on the Alaska National Wildlife Refuge. The schedule is at there will be a draft EIS scheduled for public release in the late spring of 2011 with a record of decision expected in 2012. We will, as we move forward, keep you and your staff apprised of what is in those documents and make sure that we're working closely with you.

Senator MURKOWSKI. I hear your statement. But there are many of us who feel very strongly that with the provisions that were outlined in the 1980 ANILCA Law where we have the "no more" clause. We feel pretty strongly that when it says no more wilderness, there will be no more wilderness. More specifically in that area designated as the §1002 area of the Arctic Coastal Plain.

So there's a lot of folks back home that are looking and saying, well, we can figure out some areas to reduce the budget within Interior. They don't need to be spending money to do a wilderness review or a wilderness plan when it's very clear that there should be no more wilderness allowed, most specifically in the §1002 area. I'm hopeful that the comments that you've heard from Alaskans on this will be respected.

I think we recognize that we have some great opportunities up north anywhere between 6 billion and close to 20 billion barrels of recoverable oil in that §1002 area. I would like to think that, at a time when there's great uncertainty in the Middle East, and great uncertainty as to how we are going to deal with—it is truly an "oil addiction," we'll use President Bush's words—that we can do more domestically.

I think we recognize that we have opportunities up north. We've had a chance to talk about them whether they're offshore, whether they're NPRA or whether they are ANWR which quite honestly is the most lucrative opportunity for us. But we need that permission from Congress in order to access it.

Putting ANWR in permanent wilderness status would put those resources and those reserves offline for all of America. I would hope that the Department would not move forward in this direction. So I just wanted to make sure that my message to you was clear from Alaskans on that.

Thank you, Mr. Chairman and thank you, Mr. Secretary for being here today.

Secretary SALAZAR. Thank you, Senator Murkowski.

The CHAIRMAN. Senator Portman, did you have additional questions?

Let me just indicate for the record that if there are questions that people would want to submit to the Secretary those should be submitted by the close of business tomorrow, Thursday, March 3.

Mr. Secretary, thank you very much for being here. We appreciate your candid, constructive testimony. We will conclude the hearing with that.

[Whereupon, at 12:05 p.m. the hearing was adjourned.]



APPENDIX  
RESPONSES TO ADDITIONAL QUESTIONS

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RESPONSES OF HON. KEN SALAZAR TO QUESTIONS FROM SENATOR BINGAMAN

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

*Question 1.* The Surface Mining Control and Reclamation Act Amendments of 2006 provide for the repayment of unappropriated state and tribal share balances over seven years. Please provide a chart showing the expected annual payments of unappropriated balances to each state and tribe under these provisions.

Answer. The following chart provides the requested information.

SCHEDULE FOR TITLE IV PRIOR BALANCE REPLACEMENT FUND DISTRIBUTION  
3/24/2011

State/Tribe	Total State/Tribal Share Balance to Distribute as Prior Balance Funds	Total Distributed as of March 1st, 2011	Projected Distribution Year 5 FY 2012	Projected Distribution Year 6 FY 2013	Projected Distribution Year 7 FY 2014
Alabama	20,392,584.98	11,652,904.00	2,913,226.00	2,913,226.00	2,913,228.98
Alaska	2,262,651.79	1,292,944.00	323,236.00	323,236.00	323,235.79
Arkansas	64,924.73	37,100.00	9,275.00	9,275.00	9,274.73
Colorado	29,824,085.60	17,042,336.00	4,260,584.00	4,260,584.00	4,260,581.59
Illinois	31,337,587.81	17,907,192.00	4,476,798.00	4,476,798.00	4,476,799.81
Indiana	45,968,100.79	26,267,488.00	6,566,872.00	6,566,872.00	6,566,868.79
Iowa	26,611.85	15,208.00	3,802.00	3,802.00	3,799.85
Kansas	453,775.66	259,300.00	64,825.00	64,825.00	64,825.66
Kentucky	136,629,091.05	78,073,768.00	19,518,442.00	19,518,442.00	19,518,439.04
Louisiana	1,724,874.00	985,644.00	246,411.00	246,411.00	246,408.00
Maryland	4,434,691.51	2,534,108.00	633,527.00	633,527.00	633,529.50
Mississippi	934,788.80	534,164.00	133,541.00	133,541.00	133,542.80
Missouri	1,118,258.84	639,004.00	159,751.00	159,751.00	159,752.83
Montana	56,483,602.15	32,276,344.00	8,069,086.00	8,069,086.00	8,069,086.15
New Mexico	21,066,519.27	12,038,012.00	3,009,503.00	3,009,503.00	3,009,501.27
North Dakota	13,921,230.24	7,954,988.00	1,988,747.00	1,988,747.00	1,988,748.24
Ohio	26,214,335.46	14,979,620.00	3,744,905.00	3,744,905.00	3,744,905.45
Oklahoma	2,394,017.04	1,368,008.00	342,002.00	342,002.00	342,005.04
Pennsylvania	63,459,961.11	36,262,836.00	9,065,709.00	9,065,709.00	9,065,707.11
Tennessee	—	—	—	—	—
Texas	23,348,838.75	13,342,192.00	3,335,548.00	3,335,548.00	3,335,550.75
Utah	16,521,373.90	9,440,784.00	2,360,196.00	2,360,196.00	2,360,197.90
Virginia	29,799,414.55	17,028,236.00	4,257,059.00	4,257,059.00	4,257,060.55
West Virginia	149,851,959.08	85,629,692.00	21,407,423.00	21,407,423.00	21,407,421.08
Wyoming	578,905,314.38	330,803,036.00	82,700,759.00	82,700,759.00	82,700,760.38
Crow Tribe	9,227,458.55	5,272,832.00	1,318,208.00	1,318,208.00	1,318,210.55
Hopi Tribe	6,156,670.98	3,518,096.00	879,524.00	879,524.00	879,526.98
Navajo Nation	36,277,452.75	20,729,972.00	5,182,493.00	5,182,493.00	5,182,494.75
<b>Total</b>	<b>1,308,800,175.57</b>	<b>747,885,808.00</b>	<b>186,971,452.00</b>	<b>186,971,452.00</b>	<b>186,971,463.57</b>

**Question 2.** The Budget proposes significant changes to the AML program and the allocation of funds under the program. Did you engage in government-to-government consultation consistent with the trust responsibility regarding changes to the program and impacts on the Tribes? Please provide information on the specific meetings and consultations that you have conducted with the tribes on the proposals that have been included in the FY 2012 Budget requests relating to the allocation of AML program funds.

**Answer.** Because the fiscal year 2012 budget proposal to reform the abandoned mine lands program will affect tribes, the Office of Surface Mining Reclamation and Enforcement (OSM) will again consult with the Navajo Nation and the Hopi and Crow Tribes. Letters were sent by OSM to Tribal representatives on March 9, 2010, proposing to meet with a representative from the Tribes to discuss the impacts the budget proposal may have on the Tribes and to consider their concerns.

**Question 3.** The Budget proposal with respect to the allocation of AML funds contemplates the award of AML monies through a competitive process based on recommendations of an advisory group. Please provide more detail on how this process would work, the timeline for the process, and what criteria would be used to select the projects.

**Answer.** The legislative proposal to reform the AML program is currently being finalized, but will be transmitted to Congress shortly. This proposal will ensure that the Nation's highest priority AML coal sites are addressed by replacing the current production-based formula grants with a competitive allocation. As discussed in the Department of the Interior's Budget Justification for OSM, an advisory council composed of representatives from states, tribes, and non-governmental groups with AML coal reclamation knowledge will be created to review and rank reclamation projects proposed by states, tribes, federal agencies and other parties using a set of publicly available criteria that identify the coal AML sites posing the most danger to public health and safety and the environment. This system will leverage on-the-ground knowledge and experience to more efficiently and transparently allocate available funds to the highest priorities.

**Question 4.** There has been concern over recent years regarding the level of funding for state and tribal regulatory grants. Please provide a chart showing on a state-by-state and tribe-by-tribe basis the funding for the regulatory program over the past 10 years. Please provide a chart showing the level of Federal funding for regulatory grants that would be provided to each state and tribe if the Administration's Budget proposal is enacted.

**Answer.**

REGULATORY GRANTS INITIAL DISTRIBUTION											
States/Tribes	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Under CR Thru March 31
Alabama	967,837	1,021,425	1,056,577	1,063,479	967,979	962,211	962,211	1,253,652	1,326,582	1,313,950	655,018
Alaska	178,665	182,455	184,220	186,518	186,518	183,601	183,601	219,164	240,000	262,085	0
Arkansas	146,588	142,851	147,512	149,352	149,352	145,457	145,457	141,123	145,814	156,703	78,078
Colorado	1,804,452	1,885,635	1,930,677	1,954,760	1,954,760	1,903,776	1,903,776	2,322,607	2,332,820	2,301,561	566,700
Illinois	2,502,161	2,773,954	2,936,222	3,022,149	2,438,511	2,375,884	2,375,884	2,646,082	2,995,394	3,403,563	0
Indiana	2,021,317	1,973,199	2,021,788	1,942,834	1,962,281	1,870,168	1,870,168	1,849,607	1,960,286	1,964,389	979,342
Iowa	150,336	150,017	138,991	128,736	128,736	125,376	125,376	83,074	74,953	74,953	0
Kansas	137,040	136,364	134,076	112,576	112,576	109,642	109,642	152,200	111,699	113,933	0
Kentucky	12,222,798	13,077,862	13,376,902	13,241,834	12,313,367	11,992,212	11,992,212	13,128,903	12,750,165	13,337,359	0
Louisiana	189,484	189,483	185,322	187,384	187,384	163,016	163,016	189,936	166,468	168,095	41,400
Maryland	486,693	493,551	505,704	557,922	590,933	575,520	575,520	716,596	715,177	713,664	187,318
Mississippi	115,965	109,828	112,328	113,729	113,729	110,763	110,763	127,051	128,710	159,893	79,716
Missouri	445,378	507,797	520,301	520,301	482,676	245,767	245,767	255,100	234,518	221,684	0
Montana	961,707	976,883	1,000,998	1,030,822	1,030,822	1,023,335	1,023,335	1,231,448	1,357,365	1,440,101	0
New Mexico	856,552	715,787	728,439	737,526	737,526	718,290	718,290	850,000	850,000	884,000	0
North Dakota	498,867	490,185	502,256	508,824	501,824	533,659	533,659	644,571	720,000	788,774	0
Ohio	1,800,123	1,822,869	1,862,626	2,020,039	2,020,039	1,967,353	1,967,353	2,247,626	2,968,654	3,200,000	0
Oklahoma	1,049,180	1,062,164	1,082,893	940,477	940,477	915,948	915,948	1,112,862	1,233,638	1,082,511	266,850
Pennsylvania	11,222,798	11,380,931	11,411,171	10,665,756	10,665,756	10,387,573	10,387,573	12,545,765	12,694,550	12,599,014	6,269,858
Texas	1,454,278	1,548,741	1,535,273	1,380,638	1,322,756	1,283,016	1,283,016	1,833,898	1,827,065	1,877,402	655,457
Utah	1,564,267	1,763,318	1,709,100	1,730,419	1,730,419	1,698,219	1,698,219	2,029,408	2,037,196	2,068,367	0
Virginia	3,381,526	3,383,539	3,228,599	3,208,433	3,258,433	3,174,421	3,174,421	3,925,342	3,913,408	3,999,941	1,023,122
West Virginia	7,897,151	8,287,841	8,491,824	8,727,543	10,520,169	11,199,595	11,199,595	11,791,029	11,924,119	11,929,525	3,078,020
Wyoming	1,602,811	1,963,230	2,011,573	2,094,036	2,120,036	2,064,742	2,064,742	2,318,000	2,289,321	2,300,571	0
Crow Tribe	81,989	72,832	63,573	62,832	62,832	29,387	29,387	69,360	145,000	350,000	0
Hopi Tribe	167,460	168,849	171,834	173,977	173,977	169,439	169,439	173,977	298,969	390,162	0
Navajo Tribe	433,263	435,450	443,147	448,675	448,675	436,973	436,973	677,845	908,964	910,000	0
N. Cheyenne Reserve for Tribal Primacy	28,496	26,564	27,034	0	0	0	0	0	0	0	0
Totals	\$53,967,202	\$56,575,004	\$57,201,000	\$56,863,373	\$56,836,544	\$56,365,347	\$56,365,347	\$64,536,280	\$66,272,765	\$66,643,200	13,881,679

The FY 2012 Budget encourages the States to increase their cost recovery fees for services to the coal mining industry. With additional funding from these fees, the States will need less federal grant funding, so the budget proposes to reduce grant funding accordingly. The regulatory grant distribution for FY 2012 will depend on the efforts undertaken for cost recovery of fees for services to the coal industry.

For the FY 2011 grant distribution, the OSM is preparing Operating Plans as directed in the FY 2011 Full-Year Appropriation bill. Those plans will include the level of funds proposed for regulatory grants. We will provide the Committee the FY 2011 regulatory grant distribution, by State and Tribe, once the Operating Plans are approved and submitted to the Appropriations Committee. In the meantime, States are being provided partial grants to cover their needs.

*Question 5.* The SMCRA Amendments of 2006 provided that Indian tribes can be granted primacy to administer the regulatory program under Title V on lands within their reservations. What is the status of implementation of this provision? Please describe your work with the tribes with respect to regulatory primacy.

Answer. OSM is working closely with the three tribes that are pursuing tribal primacy: the Crow, Hopi, and Navajo. Applications for tribal primacy could be submitted by the Crow Tribe and Navajo Nation in 2012, and by the Hopi Tribe in 2013. In FY 2012, OSM will continue to work with the Tribes to review applications for primacy as they are received. OSM is reviewing informal materials as they are received from the Tribes.

The Crow Tribe plans to seek primacy in phases. The Tribe plans to seek primacy for inspection and enforcement and bond release beginning in 2012. The Navajo Nation has expressed its intent to obtain primacy as soon as possible, but has also indicated that it may seek primacy only over inspection and enforcement, depending on its ability to recruit and hire staff for the regulatory program. The Hopi Tribe also intends to assume primacy. The Tribe has indicated that it plans to first obtain primacy for inspection and enforcement and bond release, but has not established a schedule to do so.

*Question 6.* OSM is in the process of revising permanent program regulations relating to excess spoil and stream buffer zones. This rulemaking has implications for the use of the controversial practice of mountain-top removal mining. Please provide your time table for this rulemaking.

Answer. OSM expects to publish the proposed Stream Protection Rule and Draft Environmental Impact Statement (EIS) in 2011. The final EIS and final rule will be completed and published after fulfilling the requirements of the National Environmental Policy Act and Administrative Procedure Act.

#### BUREAU OF LAND MANAGEMENT

*Question 7.* I am pleased to see the increased funding proposed to support the development and implementation of travel management plans for off-highway vehicles. In 2008, I held an oversight hearing on off-highway vehicles. At that time, I was told the BLM was 10 years away from completing their travel management plans. Is the agency still on track to finish these plans?

Answer. The Bureau of Land Management (BLM) has effectively used partnerships, ARRA funding and other redirected resources to accelerate, complete, and implement travel plans in many high priority areas, such as the Carrizo Plains National Monument (California), Table Mesa (Arizona), Moab Field Office (Utah), and Royal Gorge Field Office (Colorado). BLM has completed 125 of 551 travel management plans covering approximately 14 percent of the lands it manages. The FY 2012 budget requests \$2.2 million to address off-highway vehicle management and completion of more travel management plans in high priority areas.

*Question 8.* The President's Budget proposes to reform the Mining Law of 1872 by instituting a leasing system pursuant to the Mineral Leasing Act of 1920 for hardrock minerals. The Budget also proposes to include an abandoned Mine Reclamation Program for hardrock minerals funded by a fee on the hardrock mining industry.

- a. What level of royalty does the President's Budget contemplate? How much revenue do you assume the royalty will generate each year for the next 10 years?

Answer. The BLM's Budget Justification for FY 2012 indicates that the proposal would implement a royalty on the covered hardrock minerals of not less than 5 percent of gross proceeds, with half the receipts distributed to the states in which the leases are located and the other half deposited in the Treasury. The Office of Natural Resources Revenue (ONRR) will collect, account for, and disburse the hardrock

royalty receipts, which, if enacted, would total an estimated \$200 million in revenue over ten years.

b. Please describe how this royalty is proposed to be structured. Is it an ad valorem royalty? Is it a gross proceeds royalty? Is it a net royalty, i.e., do you propose that any production or transportation costs be deducted prior to imposition of the royalty?

Answer. As noted in response to the previous question, the legislative proposal assumes a royalty of not less than 5 percent on gross proceeds.

c. What assumptions does the Budget proposal make regarding the level of claim maintenance fees and the revenues generated by the increases over the next 10 years? How much of this revenue is generated by eliminating the exemption for miners holding fewer than 10 mining claims?

Answer. The legislative proposal is under development.

d. When will the Administration transmit its legislative proposal to the Congress?

Answer. The legislative proposal is under development and will be transmitted to Congress once it has been reviewed within the Administration.

e. What level of reclamation fee does the President's Budget contemplate? How much revenue do you assume the reclamation fee will generate each year for the next 10 years?

Answer. The final details of the legislative proposal have not yet been finalized. The proposal will be transmitted to Congress once it has been reviewed within the Administration. Currently, the budget proposal assumes estimated revenue of \$200 million per year for 10 years starting in 2013, though these numbers are estimates that will be refined as the proposal is finalized.

f. Please describe how the reclamation fee is proposed to be structured. Is it based on volume (tonnage) of material (ore and waste) displaced? Please describe how this would work. Would the amount of the fee vary based on the type of mineral mined? Would it vary depending on whether the mine was a surface mine or an underground mine? How would you expect this to be enforced?

Answer. While the final details of the legislative proposal have not yet been finalized, in general the budget proposal envisions that the AML fee would be levied on all uranium and metallic mines on both public and private lands, and would be charged on the volume of material displaced beginning after January 1, 2012.

g. Why does the Budget propose that the Office of Surface Mining Reclamation and Enforcement be the collection and enforcement agency for the reclamation fee? What are the pros and cons of having OSMRE perform this function versus the Bureau of Land Management? Would you expect the States and Tribes to administer the program as they do under the Surface Mining Control and Reclamation Act?

Answer. While the final details of the legislative proposal have not yet been finalized, we expect the proposal to build off of each bureau's expertise and capabilities. Because OSM has created the infrastructure to collect the coal AML fee, the Budget assumes OSM will collect the new hardrock AML fee. BLM, because of its long experience managing activities on the public lands, including hardrock mining, would be responsible for allocating and distributing the receipts using a competitive allocation program.

h. When will the Administration transmit its legislative proposal to the Congress?

Answer. The legislative proposal is currently being reviewed within the Administration and will be transmitted once that process has been completed.

*Question 9.* GAO recently issued a report (GAO-11-292) that highlights weaknesses in BLM's policies relating to financial assurances for onshore oil and gas leases on public lands. The regulations establishing a \$10,000 minimum bond amount for individual leases were issued in 1960. The \$25,000 minimum bond to cover all leases in a state and \$150,000 nationwide minimum bond amounts were last set in 1951. How do you plan to address the issues pointed out by GAO?

Answer. The BLM is taking or plans to take the following actions in response to the GAO report:

- The BLM is in the process of evaluating its minimum bonding levels and, upon completion of this evaluation, will determine if an increase in minimum bonding amounts is necessary. Any increase in minimum bonding amounts would require a new rulemaking.
- Existing regulations provide BLM with the authority to set bond amounts higher than the regulatory minimum. On July 21, 2010, the BLM issued Instruction Memorandum (IM) 2010-161 which reiterated the regulations and clarified the existing policy and guidance for oil and gas bonding adequacy reviews and requirements. This IM provided field office guidance on how and when to increase minimum bonding amounts.

*Question 10.* What is the total amount of funding for the oil and gas I&E program included in the request for FY12? Please provide a table showing the funding for this program (both requested and enacted) for the previous 10 fiscal years. 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 five fiscal years? Are you planning to hire additional inspectors in offices where the workload is increasing due to methane gas production? Please provide specifics.

*Answer.* The BLM does not request funds specifically for oil and gas inspection and enforcement activities; rather, funds are requested for the overall oil and gas program and a portion of those funds are spent on inspection and enforcement. The following table shows estimates of the total amount of funding spent on the inspection and enforcement activities in BLM's oil and gas program for the previous 12 fiscal years. The total spent includes spending from the oil and gas management account, the APD processing account, and the permit processing improvement fund.

Fiscal Year	Total Spent
2000	\$18,391,076
2001	\$23,841,424
2002	\$28,444,012
2003	\$29,762,758
2004	\$29,523,986
2005	\$31,219,237
2006	\$36,854,783
2007	\$38,473,530
2008	\$42,194,335
2009	\$41,855,116
2010	\$47,418,939

There are currently 42 full-time employees dedicated to inspection and enforcement (I&E) at the BLM's Farmington Field Office. In 2005, there were 32 full-time I&E employees; in 2005, the BLM transferred 6 employees to the Farmington Field Office from the Cuba, NM Field Office; and in 2006, the BLM hired 4 I&E inspectors with funding from the Energy Policy Act of 2005. Since that time, the Farmington Field Office has maintained the level of 42 I&E staff. The following chart shows the breakdown of I&E staffing at the Farmington Field Office.

Fiscal Year	# of Farmington Field Office I&E Staff
2005	21 Petroleum Engineering Technicians (PETs) 3 Production Accountability Technicians (PATs) 2 PETs for Federal Indian Mineral Office 5 Tribal I&E inspectors 1 Onsite State Office Coordinator 32 total
Additions in 2005	Transferred from Cuba, NM, Office 2 I&E Inspectors 1 Supervisory PET 3 Tribal I&E Inspectors 38 total
Additions in 2006	Mandatory funding authorized by Energy Policy Act of 2005 4 I&E Inspectors 42 total
2007-2010	All vacancies filled 42 total I&E Staff

The BLM uses its Inspection & Enforcement annual strategy to identify any need for additional inspection staff. Additionally, the Production Accounting Team at BLM's National Operations Center (NOC) in Denver has increased the BLM's ability to perform production accountability reviews nationwide, providing assistance and expertise to Production Accounting Technicians in the field.

*Question 11.* What is the total amount of requested funding for oil and gas NEPA compliance for FY12? Please provide a table showing the funding for NEPA compliance (both requested and enacted) for the previous 10 years.

*Answer.* The BLM aggregates costs associated with NEPA activities across various portions of the oil and gas budget, including APD processing, sundry notice processing, and inspection and enforcement. The table below estimates these costs based on the number of leases and permits processed. Over the past ten years, these costs have risen in response to an increase in the number of leases and permits processed. Many of these costs would be incurred in the normal course of planning and review of various oil and gas-related activities and in complying with other laws and regulations, so one should not imply that these costs are only being incurred in order to comply with NEPA.

The following is a table of the BLM's estimated NEPA-associated costs in the Oil & Gas program over the last ten years. (These costs include the development and review of environmental compliance documentation for proposed fluid minerals development authorizations in conformance with requirements.)

Estimated Costs Associated with NEPA Activities  
(Oil & Gas Program) (\$000)

Fiscal Year	Estimated NEPA Compliance Costs
2001	\$9,600
2002	\$10,040
2003	\$10,500
2004	\$11,700
2005	\$12,500
2006	\$15,000
2007	\$19,000

Estimated Costs Associated with NEPA Activities  
(Oil & Gas Program) (\$000)—Continued

Fiscal Year	Estimated NEPA Compliances Costs
2008	\$19,000
2009	\$21,000
2010	\$21,000
2011	\$21,000

*Question 12.* 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, processed, and issued during each of the last ten years. Please display this information on a state-by-state basis.

*Answer.* The tables below show the number of complete APDs pending for more than 60 days, the number of APDs received during each fiscal year, the number of APDs approved during each fiscal year, the number of APDs returned during each fiscal year, and the total number of APDs processed during each fiscal year from FY2001 to FY2010.



Complete APDs Pending Longer than 60 Days ("Backlog" APDs) at End of Fiscal Year

State	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Alaska	15	0	0	0	0	0	0	0	0	0
California	5	6	7	3	4	41	3	5	1	1
Colorado	74	67	65	52	74	129	177	168	204	97
Eastern States	7	10	23	12	21	9	1	0	0	0
Montana	67	134	114	82	89	7	7	7	7	1
Nevada	0	0	0	7	6	0	0	0	0	0
New Mexico	503	740	692	501	546	459	353	324	289	220
Utah	266	526	443	353	397	1,421	1,237	1,176	1,463	1,310
Wyoming	1,059	1,597	1,436	1,204	1,324	244	143	79	45	58
Nationwide	1,196	3,080	2,780	2,214	2,461	2,310	1,921	1,759	2,009	1,687

APDs Received During Each Fiscal Year

State	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Alaska	23	12	6	18	8	9	9	12	8	0
California	70	118	69	116	235	198	280	256	162	342
Colorado	299	265	323	502	605	896	870	756	497	617
Eastern States	23	14	73	70	136	49	91	92	33	28
Montana	213	221	325	421	451	529	260	282	258	349
Nevada	1	7	4	15	9	7	14	7	9	5
New Mexico	1,351	1,087	1,385	1,668	1,619	1,843	1,376	1,452	1,130	1,084
Utah	680	496	639	792	1,245	1,584	1,298	1,125	992	566
Wyoming	2,159	2,365	2,239	3,377	4,043	5,377	4,172	3,902	2,168	1,260
Nationwide	4,819	4,585	5,063	6,979	8,351	10,492	8,370	7,884	5,257	4,251

APDs Approved During Each Fiscal Year

State	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Alaska	11	12	8	14	8	10	7	12	8	0
California	72	108	73	109	232	162	313	233	170	283
Colorado	235	208	296	407	608	668	797	711	479	715
Eastern States	27	13	44	63	110	42	91	81	40	24
Montana	168	202	294	213	425	269	247	273	195	335
Nevada	0	6	3	10	10	8	14	6	7	3
New Mexico	980	960	1,183	1,492	1,475	1,866	1,286	1,308	1,109	1,135
Utah	505	463	437	677	770	1,016	1,128	1,134	673	551
Wyoming	1,688	1,568	1,623	3,467	3,380	3,704	3,678	3,150	1,890	1,547
Nationwide	3,636	3,540	3,961	6,452	7,018	7,745	7,561	6,908	4,571	4,593

APDs Returned\* During Each Fiscal Year

State	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Alaska	2	21	1	1	0	0	0	0	0	0
California	24	12	4	5	3	1	0	2	7	1
Colorado	20	51	29	17	30	90	61	41	43	42
Eastern States	6	5	20	13	8	3	14	6	1	8
Montana	18	59	64	79	29	19	138	157	279	10
Nevada	0	0	0	0	2	3	0	1	1	0
New Mexico	310	413	407	165	95	129	113	114	30	51
Utah	34	84	120	178	16	81	241	86	102	103
Wyoming	216	1,645	537	441	535	783	836	531	272	429
Nationwide	630	2,290	1,182	899	718	1,109	1,403	938	735	644

\* "Returned"—APDs returned after review because of incomplete information.

Total APDs Processed\*\* During Each Fiscal Year

State	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
AK	13	33	9	15	8	10	7	12	8	0
CA	96	120	77	114	235	163	313	235	177	284
Colorado	255	259	325	424	638	758	858	752	522	757
Eastern States	33	18	64	76	118	45	105	87	41	32
Montana	186	261	358	292	454	288	385	430	474	345
NV	0	6	3	10	12	11	14	7	8	3
New Mexico	1,240	1,373	1,590	1,657	1,570	1,995	1,399	1,422	1,139	1,186
Utah	539	547	557	855	786	1,097	1,369	1,220	775	654
Wyoming	1,904	3,213	2,160	3,908	3,915	4,487	4,514	3,681	2,162	1,976
Nationwide	4,266	5,830	5,143	7,351	7,736	8,854	8,964	7,846	5,306	5,237

\*\* "Processed"—APDs approved plus those returned.

*Question 13.* The Budget proposes an increase in Federal onshore royalties and also proposes various user fees for the oil and gas industry. Please describe each of these proposals and provide information on revenues assumed to be generated by each proposal in each of the next 10 years.

*Answer.* To ensure a better return to the public on federal resources, BLM has begun a rulemaking process to amend 43 CFR 3103.3-1 to authorize increased royalties for new competitive oil and gas leases on federal lands. This process includes carrying out a cost-benefit and economic impact analysis, which will be completed in 2011. The development of a draft proposed rule that will address a range of potential royalty rate options is also underway, and BLM expects to publish the new rule in draft for public review in 2011 and promulgate the final rule by the first quarter of fiscal year 2012. The budget assumes these reforms will increase federal oil and gas revenues by \$937 million over the next ten years.

**ESTIMATED OIL & GAS ROYALTY REVENUE BY FISCAL YEAR**  
(\$ IN MILLIONS)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Oil & Gas Current Royalty Rates (12.5%)	2,628	2,981	3,146	3,240	3,318	3,390	3,460	3,527	3,593	3,660	3,834
Total Oil & Gas Higher Royalty Rates (18%)	2,628	2,981	3,146	3,240	3,336	3,434	3,537	3,645	3,760	3,882	4,127
Increase	0	0	0	0	18	43	77	118	167	221	293

The budget request also includes a proposal for a fee to encourage diligent development of lands and waters leased for energy development. A \$4.00 per acre fee on new nonproducing leases on federal lands and waters would provide a financial incentive for oil and gas companies to either get their leases into production or relinquish them so that the tracts can be re-leased and developed by new parties. The proposed fee would apply to all new leases and would be indexed annually. The proposal assumes 1.5 million new nonproducing lease acres per year and is projected to result in revenue to the Treasury of \$330 million over ten years from onshore leases managed by BLM.

The total is a table showing the projected onshore revenue from the nonproducing lease fee over the next 10 years:

PROJECTED ONSHORE OIL & GAS NONPRODUCING LEASE FEE REVENUE, BY YEAR

(\$000)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Total, Net Revenue	5,000	11,000	17,000	23,000	30,000	36,000	43,000	50,000	58,000	66,000	330,000

The budget also includes several proposals to charge cost recovery fees onshore, including:

- A proposal, to be implemented through appropriations language, for a new onshore inspection fee in 2012 for oil and gas activities subject to inspection by BLM. As noted in the budget material provided by the Department, this proposal is expected to offset the costs of onshore inspections in 2012, generating an estimated \$38.0 million, and supporting federal efforts to increase production accountability, safety, and environmental protection. The estimated collections generated from the proposed inspection fees would fully offset the proposed reduction in appropriated funding. The inspection fee is based on historical spending for inspections, and the number of wells and leases that must be inspected. The fee is designed to recoup the majority of the costs of performing inspections. The fee will be reevaluated each year to ensure funding is adequate to fulfill the agency's inspection and enforcement responsibilities and to meet the needs of the program. The proposed language for the appropriations bill is included in the FY 2012 President's budget request. The following fee schedule is tied to the number of active and inactive wells for each lease or agreement:
  - \$600 for each lease or agreement with no active or inactive wells, but with surface use, disturbance or reclamation;
  - \$1,200 for each lease or agreement with one to ten wells, with any combination of active or inactive wells;
  - \$2,900 for each lease or agreement with 11 to 50 wells, with any combination of active or inactive wells; and
  - \$5,700 for each lease or agreement with more than 50 wells, with any combination of active or inactive wells.
- The continuance, through appropriations language, of a fee for processing drilling permits taken by Congress in the 2009 and 2010 Appropriations Acts. If the fee of \$6,500 per drilling permit, authorized in 2010, is continued, it would generate an estimated \$32.5 million in offsetting collections in 2012.
- A proposal to administratively implement a fee to recover the cost of inspecting coal and other minerals management program activities carried out by the BLM. The fees would be carried out through existing cost recovery authorities and would generate an estimated \$4.4 million a year beginning in 2012, reducing the need for discretionary appropriations for these programs.

*Question 14.* What is the current level of funding and what level is proposed for fiscal year 2012 for the administration of renewable energy development on public lands? Please provide allocation by energy type.

Answer. The 2012 budget request for renewable energy activities carried out by the BLM include an increase in appropriated funding of \$3.0 million over the 2010 enacted/2011 Continuing Resolution level of \$16.7 million.

BLM currently spends a majority of this budget (approximately \$11 million) to fund the positions in the Renewable Energy Coordination Offices (RECOs), interdisciplinary teams across the West that examine all types of renewable energy proposals on public lands. The increase in funds will focus on the environmental elements of renewable energy project proposals, including regional planning studies and environmental reviews of potential wind energy zones in Nevada and Oregon, which will be completed in addition to those under development in New Mexico, California, and Wyoming. This is in addition to the \$5 million for ongoing studies in New Mexico, California, and Wyoming.

For geothermal leasing and permitting activities, the BLM continues to spend the remaining balances in the mandatory Geothermal Steam Act Implementation Fund. The BLM anticipates spending about \$4.5 million in FY2011 and \$4 million in FY2012, after which this source of funding will be exhausted.

*Question 15.* Please describe all geothermal leasing activity, including date and state for all lease sales, subsequent to the Geothermal Steam Act amendments contained in the Energy Policy Act of 2005. Please provide a table showing acres under geothermal lease (and whether production is occurring) by state.

Answer. BLM Geothermal Sales since passage of Energy Policy Act of 2005 are contained in the following chart:



LEASE SALES	STATE	PARCELS/APPROXIMATE ACRES	REVENUE GENERATED
June 20, 2007	Utah	8 parcels; 15,000 acres	\$9.4 Million
August 14, 2007	California/Nevada	49 parcels; 125,000 acres	\$19.7 million
August 6, 2008	Nevada	35 parcels; 105,000 acres	\$28.2 million
December 19, 2008	Utah	44 parcels; 194,000 acres	\$5.7 million
July 14, 2009	Nevada/California/Utah	98 parcels; 255,000 acres	\$9.1 million
November 17, 2009	Utah	3 parcels; 3,700 acres	\$209,257
February 23, 2010	Utah/Idaho	21 parcels; 70,800 acres	\$378,349
May 11, 2010	Nevada	75 parcels; 212,000 acres	\$2.8 million
November 10, 2010	Colorado	1 parcel; 800 acres	\$31,345
March 22, 2011	Nevada	29 parcels; 87,469 acres	\$506,446
<b>TOTALS</b>		<b>363 parcels; 1.1 million acres</b>	<b>\$76.1 million</b>

BLM Geothermal Leases by state and Producing Status are contained in the following chart:

BLM-MANAGED GEOTHERMAL LEASES, AUTHORIZED & PRODUCING

State	Authorized		# of Acres	Producing	
	# of Leases	# of Acres		# of Leases	# of Acres
Arizona	1	2,084	n/a	n/a	
California	104	120,132	29	37,936	
Colorado	1	799	n/a	n/a	
Idaho	17	33,007	n/a	n/a	
New Mexico	4	3,581	2	2,781	
Nevada	548	1,149,809	23	18,633	
Oregon	84	113,430	n/a	n/a	
Utah	59	162,205	5	4,928	
<b>TOTAL</b>	<b>818</b>	<b>1,585,047</b>	<b>59</b>	<b>64,278</b>	

*Question 16.* How many applications for solar rights-of-way are pending? How many applications for wind rights-of-way are pending? Please provide listings by state and location. How many of each have been approved by state?

*Answer.* Information related to pending wind energy right-of-way development applications is contained in the following charts:

State	BLM Field Office	Serial Number	Customer Name (Project Name)	Application Received	MW	BLM Acres
Arizona	KINGMAN	AZA 032315AA	BP WIND ENERGY (Mohave County Wind)	7/21/2009	500	31338
California	CDD-BARSTOW	CACA 048254	GRANITE WIND LLC (Granite Mountain)	7/24/2006	74	1960
	CDD-BARSTOW	CACA 048902	WEST FRY WIND ENERGY LLC (West Fry Wind)	12/11/2007	N/A	3248
	CDD-BARSTOW	CACA 049575	AES WIND GENERATION INC (Daggett Ridge)	12/6/2007	84	2980
	CDD-EL CENTRO	CACA 049698	Iberdrola/PACIFIC WIND DEVELOPMENT LLC (Tule)	12/26/2007	200	12133
	EAGLE LAKE	CACA 049709	INVENERGY LLC (Horse Lake Wind)	3/6/2007	50	11407
	CDD-BARSTOW	CACA 050612	AES WIND GENERATION INC (Sand Ridge)	12/29/2008	150	4162
	CDD-PALM SPGS-S CST FLD O	CACA 051552	PATTERN ENERGY GOUP LP (Ocotillo)	10/9/2009	560	14691
	CDD-RIDGECREST	CACA 051561	POWER PARTNERS SOUTHWEST LLC (Tylerhorse)	12/30/2009	N/A	1200
	CDD-BARSTOW	CACA 051581	Iberdrola/PACIFIC WIND DEVELOPMENT (Silurian Valley)	12/29/2009	180	6720
	CDD-BARSTOW	CACA 051605	HORIZON WIND ENERGY (Camp Rock)	12/29/2009	N/A	150
	UKIAH	CACA 051667	ALTAGAS RENEWABLE ENERGY PAC (Walker Wind)	1/22/2010	70	7662

State	BLM Field Office	Serial Number	Customer Name (Project Name)	Application Received	MW	BLM Acres
	CDD-EL CENTRO	CACA 052078	IMPERIAL WIND LLC (Black Mountain)	5/28/2010	48	2054
	CDD-EL CENTRO	CACA 052186	RENEWERY LLC	7/16/2010	N/A	11227
	CDD-RIDGECREST	CACA 052309	ENXCO DEVELOPMENT INC (Avalon)	10/5/2010	N/A	275
	CDD-RIDGECREST	CACA 052348	BOULEVARD ASSOCIATES LLC (North Sky River)	7/7/2010	292	9267
	CDD-RIDGECREST	CACA 052362	BENT TREE WIND FARM, LLC (Bent Tree)	10/28/2010	N/A	540
	CDD-EL CENTRO	CACA 052435	ORO VALLEY POWER LLC	12/10/2010	180	11227
Idaho	TWF JARBIDGE	IDI 035183	CHINA MOUNTAIN WIND LLC (China Mountain)	5/1/2007	425	20000
	BOI FOUR RIVERS	IDI 035672	ARKOOSH MICHAEL (King Hill)	8/31/2006	N/A	0
	TWF JARBIDGE	IDI 036838	VERTICAL ENERGY LLC (Bell Rapids)	10/5/2009	40	1
	TWF BURLEY	IDI 036923	OAKLEY CITY OF	10/19/2010	N/A	40
Nevada	LAS VEGAS	NVN 073726	TABLE MTN WIND CO LLC (Table Mountain)	5/5/2000	80	8320
	ELKO	NVN 084103	LS POWER ASSOCIATES LP (Black Mountain)	8/17/2007	N/A	957
	CARSON CITY	NVN 084113	RIDGELINE NEVADA ENERGY LLC (Pah Rah Range)	8/28/2007	100	3128
	LAS VEGAS	NVN 084626	DUKE ENERGY (Searchlight)	1/29/2008	200	24382

State	BLM Field Office	Serial Number	Customer Name (Project Name)	Application Received	MW	BLM Acres
	CARSON CITY	NVN 085186	GREAT BASIN WIND ENERGY LLC (New Comstock)	4/21/2008	200	3093
	ELY	NVN 087411	WILSON CREEK WIND CO (Wilson Creek)	4/27/2009	N/A	3053
	ELY	NVN 088201	NEVADA WIND CO (Ely)	2/16/2010	700	14267
Oregon						
	VALE BAKER	OROR 064395	JOSEPH MILLWORKS INC. (Lime)	12/21/2009	N/A	18
	BURNS ANDREWS	OROR 065553	HORIZON WIND ENERGY NW X LLC (Pueblo Mountain)	12/1/2008	N/A	17982
	VALE BAKER	OROR 065616	HORIZON WIND ENERGY NW IV LLC (Burnt River)	7/7/2008	500	11000
	PRINEVILLE DESCHUTES	OROR 065874	WEST BUTTE WIND POWER LLC (West Butte)	12/12/2008	100	14
Utah	SALT LAKE	UTU 082906	SOUTH UTAH VALLEY ESD (West Mountain)	6/18/2008	N/A	10
	CEDAR CITY	UTU 083061	EVERGREEN WIND PWR PRINRS LLC (Mineral Mountain)	11/12/2008	53	4717
	CEDAR CITY	UTU 083075	WASATCH WIND DEV LLC (Harmony Mountain)	5/22/2009	90	4183
	FILLMORE	UTU 088017	MILFORD WIND CRRDR PHASE 3 LLC	6/1/2010	450	500
Washington	SPOKANE WENATCHEE	WAOR 065492	INVENENERGY LLC (Vantage)	5/21/2008	N/A	40

State	BLM Field Office	Serial Number	Customer Name (Project Name)	Application Received	MW	BLM Acres
Wyoming	RAWLINS	WYW 166407	SHELL WIND ENERGY INC (Sand Hills)	12/22/2009	50	3101
	RAWLINS	WYW 167155	POWER COMPANY OF WY (Choke Cherry/Sierra Madre)	1/31/2008	1000	107105
	ROCK SPRINGS	WYW 167597	TETON WIND LLC (White Mountain)	11/12/2007	108	2641
	ROCK SPRINGS	WYW 167691	EVERGREEN WIND PWR PRTNRS LLC (Miller Mountain)	2/2/2009	200	8767
	ROCK SPRINGS	WYW 167692	EVERGREEN WIND PWR PRTNRS LLC (Aspen Mountain)	2/2/2009	N/A	5156
	ROCK SPRINGS	WYW 167746	WASATCH WIND LLC (Sweeney Ranch)	11/5/2009	250	4872
	ROCK SPRINGS	WYW 167748	EVERGREEN WIND PWR PRTNRS LLC (White Mountain)	12/23/2009	200	5000
	CASPER	WYW 178872	WASATCH WIND DEVELOPMENT LLC (Black Mountain)	11/5/2009	105	3560
	CASPER	WYW 178922	WASATCH WIND LLC	12/16/2009	N/A	5532



## SUMMARY TABLE OF PENDING WIND RIGHT-OF-WAY APPLICATIONS

State	Active Applications	Acres	Estimated MWs
Arizona	1	31,338	500
California	17	100,853	1888
Idaho	4	20,041	465
Nevada	7	57,200	1280
Oregon	4	29,013	600
Utah	4	9,410	593
Washington	1	40	0
Wyoming	9	145,734	1913
TOTALS	47	247,856	5326

Information relating to approved wind right-of-way applications is contained in the following chart:

State	BLM	Serial Number	Holder	Name of Project	Comments
Arizona	Safford	AZA-33259	Iberdrola	Dry Lake Wind Project—Phase 1 30 MW, 4,452 acres	Issued 10/24/08 Expires 10/23/38
California	Palm Springs	CACA-9755	San Gorgonio Farms	San Gorgonio Farms 25 MW on BLM land 159.7 acres BLM land	Issued 3/31/83 Expires 3/30/13
	Palm Springs	CACA-11688-A	PAMC Management	Western Wind Mesa Facility 30 MW on BLM land 477 acres BLM land	Issued 1/26/83 Expires 1/25/13
	Palm Springs	CACA-13198	FPL Energy	Cabazon Power Partners 40 MW on BLM land 437 acres BLM land	Issued 12/8/82 Expires 12/7/12
	Palm Springs	CACA-14632	B P Alternative	Energy Edom Hills Project (Yaponcha) 11 MW on BLM land 320 acres BLM land	Issued 12/14/83 Expires 12/14/14
	Palm Springs	CACA-15549	Desert Wind Energy	Desert Wind—San Gorgonio 8 MW on BLM land 58.63 acres BLM land	Issued 3/31/84 Expires 3/30/13
	Palm Springs	CACA-15562	Foras Energy	Difwind Farms V 8 MW on BLM land 401 acres BLM land	Issued 3/29/84 Expires 3/30/14
	Palm Springs	CACA-15562-A	Sea West	San Gorgonio Pass 6 MW on BLM land 31.9 acres BLM land	Issued 9/4/84 Expires 11/30/15
	Palm Springs	CACA-15562-B	Sea West	San Gorgonio Pass 4 MW on BLM land 92.8 acres BLM land	Issued 9/5/84 Expires 3/30/14

State	BLM	Serial Number	Holder	Name of Project	Comments
	Palm Springs	CACA-15562-C	Sea West	San Gorgonio Pass 14 MW on BLM land 167.2 acres BLM land	Issued 3/31/84 Expires 11/30/15
	Palm Springs	CACA-15562-D	Foras Energy	Difwind Farms V 8 MW on BLM land 211 acres BLM land	Issued 2/11/85 Expires 3/30/14
	Palm Springs	CACA-15562-E	Dutch Energy	San Gorgonio 12 MW on BLM land 58.58 acres BLM land	Issued 7/13/93 Expires 1/1/13
	Palm Springs	CACA-15562-F	PPM Energy	San Gorgonio 3 MW on BLM land 16.24 acres BLM land	Issued 3/29/84 Expires 11/30/15
	Palm Springs	CACA-17192	Energy Unlimited	San Gorgonio 12 MW on BLM land 80 acres BLM land	Issued 6/26/85 Expires 6/25/15
	Palm Springs	CACA-19136	Windpower Partners	Windpower Partners 91 5 MW on BLM land 80.85 acres BLM land	Issued 10/26/87 Expires 10/25/17
	Palm Springs	CACA-37869	Difwind Farms Limited	Difwind Farms V 3 MW on BLM land 29.66 acres BLM land	Issued 3/23/98 Expires 2/25/27
	Palm Springs	CACA-40556	Sea West	San Gorgonio Westwinds II 13 MW on BLM land 105 acres BLM land	Issued 1999 Expires 11/30/15
	Palm Springs	CACA-40557	Sea West	San Gorgonio Westwinds II 12 MW on BLM land 126.6 acres BLM land	Issued 1999 Expires 11/30/15

State	BLM	Serial Number	Holder	Name of Project	Comments
	Palm Springs	CACA-42139	Sea West	Mountain View Power Partners 4 MW on BLM land 52 acres BLM land	Issued 3/21/01 Expires 4/1/27
	Palm Springs	CACA-44142	Whitewater Hill Wind	Whitewater Hill 35 MW on BLM land 159.7 acres BLM land	Issued 4/11/02 Expires 4/10/32
	Ridgecrest	CACA-13528	Oak Creek Energy	Oak Creek Energy Systems 4 MW on BLM land 80 acres BLM land	Issued 2/15/84 Expires 12/31/14
	Ridgecrest	CACA-26387	GE Wind	Sky River Ranch 3 MW on BLM land 26 acres BLM land	Issued 9/17/91 Expires 9/16/21
	Ridgecrest	CACA-9501	Cameron Ridge LLC	Cameron Ridge 16 MW on BLM land 600 acres BLM land	Issued 7/28/98 Expires 12/31/28
	Ridgecrest	CACA-13768	Cameron Ridge LLC	Horn Toad Hill 14 MW on BLM land 250 acres BLM land	Issued 7/28/98 Expires 12/31/28
	Ridgecrest	CACA-40435	Pacific Crest Power LLC	Cameron Ridge 6 MW on BLM land 40 acres BLM land	Issued 2/10/99 Expires 12/31/28
Idaho	Burley	IDI-033676	Windland	Cotterel Wind Power Project 139 MW, 4,545 acres (pending construction)	Issued 8/15/06 Expires 8/14/36
Nevada	Ely	NVN-084148	Spring Valley Wind	Spring Valley Wind Project 150 MW, 8,320 acres (pending construction)	Issued 10/15/10 Expires 10/15/40

State	BLM	Serial Number	Holder	Name of Project	Comments
Utah	Cedar City Fillmore	UTU-82972 UTU-82973	First Wind	Milford Wind Project (300 MW) 80 MW, 7,800 acres BLM land	Issued 10/15/08 Expires 10/14/38
Wyoming	Rawlins	WYW-142464	Pacificorp (71%) Eugene Elect (19%) Seawest Energy (10%)  Total MW permitted	Foote Creek Rim I Wind Project 21 MW on BLM land 940.61 acres BLM land  726 MW (includes 289 MW pending construction)	Issued 7/18/97 Expires 7/17/33

Information related to pending solar energy right-of-way applications is contained in the following charts:

State	BLM Field Office	Serial Number	Customer Name (Project Name and/or Geographic Area)	Application Received	MWs	Total Case Acres	Planned Technology
Arizona	Hassayampa	AZA 034184	BOULEVARD ASSOC LLC (Aguila)	06/26/2007	500	7,335	CSP/Trough
	Hassayampa	AZA 034186	BOULEVARD ASSOC LLC (Burnt Mountain/Big Horn)	06/26/2007	500	5,912	CSP/Trough
	Lower Sonoran	AZA 034187	NextEra/BOULEVARD ASSOC LLC (Sonoran Solar)	06/28/2007	375	4,000	CSP/Trough
	Kingman	AZA 034200	NextEra/BOULEVARD ASSOC LLC (Mountain Spring)	06/22/2007	250	6,705	CSP/Trough
	Kingman	AZA 034201	BOULEVARD ASSOC LLC (Senator)	06/22/2007	250	15,634	CSP/Trough
	Hassayampa	AZA 034321	AREVA SOLAR AZ II LLC (AUSRA Palo Verde)	10/01/2007	1120	5,748	CSP/CLFR
	Lake Havasu: Yuma	AZA 034335	BOULEVARD ASSOC LLC (Bouse)	06/08/2007	500	24,221	CSP/Trough
	Lower Sonoran	AZA 034357	FIRST SOLAR (Gila Bend)	11/06/2007	500	6,003	PV
	Lower Sonoran	AZA 034358	FIRST SOLAR (Saddle Mtn)	11/06/2007	300	5,997	PV
	Yuma	AZA 034416	PACIFIC SOLAR INVST INC (Iberdrola) (Eagletail)	12/02/2007	1,500	26,082	CSP/Trough
	Hassayampa	AZA 034424	PACIFIC SOLAR INVST INC (Iberdrola) (Big Horn)	12/04/2007	300	7,240	CSP
	Lower Sonoran; Yuma	AZA 034425	PACIFIC SOLAR INVST INC (Iberdrola) (Hyder)	12/07/2007	300	5,794	CSP/Trough
	Yuma	AZA 034426	PACIFIC SOLAR INVST INC (Iberdrola) (Ranegras)	12/02/2007	2,000	25,860	CSP/Trough

State	BLM Field Office	Serial Number	Customer Name (Project Name and/or Geographic Area)	Application Received	MWs	Total Case Acres	Planned Technology
	Yuma	AZA 034427	PACIFIC SOLAR INVST INC (Uberdrola) (La Posa Solar Thermal)	09/06/2007	2,000	38,212	CSP/Trough
	Hassayampa	AZA 034540	HORIZON WIND ENERGY LLC (Horizon Aguila)	03/04/2008	250	11,535	CSP/Trough
	Yuma	AZA 034554	NEXTLIGHT RENEWABLE POWER LLC (Quartzite)	03/26/2008	500	20,699	CSP/Trough
	Yuma	AZA 034560	NEXTLIGHT RENEWABLE POWER LLC (Vicksburg)	03/26/2008	500	15,040	CSP/Trough
	Yuma	AZA 034566	NEXTLIGHT RENEWABLE POWER LLC (Centennial)	03/26/2008	500	13,428	CSP/Trough
	Yuma	AZA 034568	NEXTLIGHT RENEWABLE POWER LLC (Palomas)	03/26/2008	500	20,165	CSP/Trough
	Yuma	AZA 034665	SOLARRESERVE LLC (Black Rock Hill)	05/27/2008	600	5,600	CSP/Tower
	Yuma	AZA 034666	SOLARRESERVE LLC (Quartzsite)	05/27/2008	100	25,204	CSP/Tower
	Yuma	AZA 034668	SOLARRESERVE LLC (Agua Caliente)	05/27/2008	600	5,678	CSP/Tower
	Hassayampa	AZA 034737	ARIZONA SOLAR INVST INC (Haraqahala)	07/10/2008	250	14,047	PV
	Yuma	AZA 034739	IDIT INC (Little Horn)	07/09/2008	1,000	12,291	CSP/Trough
	Lake Havasu	AZA 034754	HORIZON WIND ENERGY LLC (Wenden)	03/04/2008	250	28,760	CSP/Trough
	Lower Sonoran	AZA 034774	IDIT INC (Dendora Valley)	08/12/2008	250	14,765	PV



State	BLM Field Office	Serial Number	Customer Name (Project Name and/or Geographic Area)	Application Received	MW's	Total Case Acres	Planned Technology
	Hassayampa	AZA 034797	LSR JACKRABBIT LLC (LSR Jackrabbit)	08/27/2008	500	27,036	CSP/Tower
	Lower Sonoran	AZA 034799	LSR PALO VERDE LLC (LSR Palo Verde)	08/27/2008	600	5,855	CSP/Trough
	Yuma	AZA 034936	WILDCAT QUARTZSITE LLC (Quartzite)	01/29/2009	800	11,960	CSP/Tower
	Lake Havasu	AZA 034946	WILDCAT HARCUIVAR SOUTH LLC (Bright Source Energy) (Wildcat Harcuvar SO)	01/28/2009	800	10,947	CSP/Tower
	Lower Sonoran	AZA 035166	IDIT INC (Arlington West)	07/27/2009	Unknown	5,800	PV
	Safford	AZA 035236	SOLAR RESERVE (Safford Solar Energy Center/San Simon)	01/04/2010	250	22,892	PV
	Hassayampa	AZA 035387	Ridgeline Energy LLC (Forepaugh Solar)	05/04/2010	10	640	PV
	Hassayampa	AZA 035388	Ridgeline Energy LLC (Cave Creek Solar)	05/04/2010	5	40	PV
	Lower Sonoran	AZA 035399	Ridgeline Energy LLC (Pinal County Solar)	05/04/2010	10	160	PV
	Arizona Strip	AZA 035413	Ridgeline Energy LLC (Page PV)	05/21/2010	10	160	PV
	Palm Springs-Southcoast	CACA 048649	FIRST SOLAR (Desert Sunlight)	11/07/2006	550	9,481	PV
	Needles	CACA 048669	FIRST SOLAR (Stateline/Ivanpah)	12/14/2006	380	4,168	PV
California	Palm Springs-Southcoast	CACA 048728	FPL ENERGY (McCoy)	01/31/2007	250	7,771	CSP
	Barstow	CACA 048741	SOLAR INVESTMENTS LLC (Baker Solar)	01/18/2007	800	8,384	CSP

State	BLM Field Office	Serial Number	Customer Name (Project Name and/or Geographic Area)	Application Received	MW's	Total Case Acres	Planned Technology
	Barstow	CACA 048742	SOLAR INVESTMENTS LLC (Silurian Valley)	01/18/2007	1,000	10,611	CSP
	Palm Springs-Southcoast	CACA 048808	CHUCKWALLA SOLAR 1 LLC (Chuckwalla)	09/15/2006	200	4,099	PV
	Palm Springs-Southcoast	CACA 048810	SOLAR MILLENNIUM/CHEVRON (Palen)	03/14/2007	484	5,213	CSP/Trough
	Ridgecrest	CACA 048820	FIRST SOLAR (Desert Sapphire)	02/13/2007	745	5,325	PV
	Barstow	CACA 048875	DPT BROADWELL LAKE LLC (Broadwell Dry Lake)	01/24/2007	500	8,625	CSP
	Needles	CACA 049002	LEOPOLD COMPANY LLC (Ward Valley)	04/02/2007	4,100	35,466	CSP
	Needles	CACA 049006	BOULEVARD ASSOCIATES LLC (Killbeck)	05/14/2007	1,000	12,046	CSP
	Needles	CACA 049008	BOULEVARD ASSOCIATES LLC (Cadiz Lake)	05/14/2007	1,000	35,639	CSP
	Ridgecrest	CACA 049016	SOLAR MILLENNIUM LLC (Ridgecrest)	03/23/2007	250	3,811	CSP/Trough
	Palm Springs-Southcoast	CACA 049097	BULL FROG GREEN ENERGY LLC (Mule Mountain)	10/01/2008	2,500	6,634	PV
	El Centro	CACA 049150	SUNPEAK SOLAR LLC (Superstition Solar I)	07/17/2007	500	5,464	PV
	Palm Springs-Southcoast	CACA 049397	FIRST SOLAR (Desert Quartzite)	09/28/2007	600	7,548	PV
	Needles	CACA 049430	IBERDROLA RENEWABLES INC (Cadiz)	12/08/2008	500	4,910	CSP/Trough
	Needles	CACA 049432	PG&E (Cadiz/Trilobite)	09/24/2007	800	5,313	Unknown

State	BLM Field Office	Serial Number	Customer Name (Project Name and/or Geographic Area)	Application Received	MW's	Total Case Acres	Planned Technology
	Palm Springs-Southcoast	CACA 049488	ENXCO INC (Little Ford Dry Lake)	11/13/2007	300	1,327	CSP
	Palm Springs-Southcoast	CACA 049490	ENXCO INC (McCoy)	11/13/2007	300	20,608	CSP
	Palm Springs-Southcoast	CACA 049491	ENXCO INC (Eagle Mountain)	11/13/2007	300	1,327	CSP
	Barstow	CACA 049584	SOLENERGHIS LLC (Caithness Soda Mt)	12/18/2007	350	7,995	PV
	Barstow	CACA 049585	ENXCO DEVELOPMENT INC (Troy Lake Soleil)	12/12/2007	1,000	3,710	CSP/Tower
	El Centro	CACA 049615	PACIFIC SOLAR INVESTMENTS INC (Ogilby Solar)	09/04/2007	1,500	17,807	PV
	Palm Springs-Southcoast	CACA 049702	BULL FROG GREEN ENERGY LLC (Big Maria Vista)	06/01/2008	2,500	22,717	PV
	Needles	CACA 049813	IBERDROLA RENEWABLES INC (Cadiz—East)	04/01/2008	300	12,833	CSP/Trough
	El Centro	CACA 049884	SOLAR RESERVE LLC (Solar Reserve/Imperial County)	04/24/2008	100	3,830	CSP/Tower
	Barstow	CACA 050528	IDIT INC (Rabbit Dry Lake)	12/08/2008	40	404	PV
	Barstow	CACA 051625	SAN DIEGO GAS & ELECTRIC CO	12/17/2009	Unknown	351	PV
	Bakersfield	CACA 051812	ELEMENT POWER (Atwell)	04/09/2010	Unknown	320	PV
New Mexico	Las Cruces	NMNM 119969	ENXCO DEVELOPMENT CORP (Afton)	02/06/2008	600	3,000	CSP/Trough
	Las Cruces	NMNM 120310	IBERDROLA RENEWABLES (Lordsburg Mesa)	03/25/2008	1,500	24,320	CSP/Trough

State	BLM Field Office	Serial Number	Customer Name (Project Name and/or Geographic Area)	Application Received	MWs	Total Case Acres	Planned Technology
	Las Cruces	NMNM 121092	SOLAR RESERVE LLC (Lordsburg)	08/11/2008	100	5,296	CPS
Nevada	Las Vegas	NVN 083083	COGENTRIX SOLAR SERVICES LLC (Primm/Jean)	01/18/2007	1,000	9,760	CSP
	Las Vegas	NVN 083129	COGENTRIX SOLAR SERVICES LLC (McCullough Pass)	01/18/2007	1,000	19,840	CSP
	Pahrump	NVN 083150	COGENTRIX SOLAR SERVICES LLC (Amargosa)	02/14/2007	1,400	13,440	CSP
	Las Vegas	NVN 083151	COGENTRIX SOLAR SERVICES LLC (Pahrump)	02/14/2007	1,000	30,720	CSP
	Pahrump	NVN 083220	COGENTRIX SOLAR SERVICES LLC (Beatty)	03/05/2007	1,400	12,800	CSP
	Pahrump	NVN 083221	COGENTRIX SOLAR SERVICES LLC (Big Dune)	03/05/2007	1,400	22,400	CSP
	Las Vegas	NVN 083914	BRIGHT SOURCE ENGY SOLAR PTNR (Morman Mesa)	07/25/2007	500	10,000	CSP
	Las Vegas	NVN 084052	NV POWER CO (Dry Lake Valley)	08/14/2007	120	1,775	CSP/Trough
	Las Vegas	NVN 084232	FIRST SOLAR (Desert Spring)	10/22/2007	400	5,500	PV
	Las Vegas	NVN 084465	PACIFIC SOLAR INVESTMENTS INC (Iberdrola) (Amargosa North)	12/07/2007	300	7,500	PV
	Pahrump	NVN 084466	PACIFIC SOLAR INVESTMENTS INC (Amargosa South)	12/07/2007	500	7,700	PV
	Las Vegas	NVN 084467	PACIFIC SOLAR INVESTMENTS INC (Bowman)	12/07/2007	1000	11,000	CSP/Trough
	Las Vegas	NVN 084631	BRIGHT SOURCE ENGY SOLAR PTNR	01/28/2008	1,200	2,000	CSP

State	BLM Field Office	Serial Number	Customer Name (Project Name and/or Geographic Area)	Application Received	MW's	Total Case Acres	Planned Technology
	Stillwater	NVN 084654	NAVY FACENG CMND SW (Fallon NAS Solar)	01/25/2008	4	37	PV
	Pahrump	NVN 084704	AMARGOSA FLATS ENERGY LLC (Crystal/Johmie)	03/12/2008	140	7,040	CSP/CLFR
	Las Vegas	NVN 085077	NEXTLIGHT RENEWABLE POWER LLC (Silver State South)	03/21/2008	340	7,000	PV
	Las Vegas	NVN 085117	BULL FROG GREEN ENERGY LLC (South Keyhole Canyon)	03/18/2008	500	3,639	PV
	Pahrump	NVN 085201	EWINDFARM INC (Johmie Pahrump)	05/14/2008	500	10,880	PV
	Stillwater	NVN 085215	LUNING (Luning Solar)	05/20/2008	30	575	PV
	Las Vegas	NVN 085612	COGENTRIX SOLAR SERVICES LLC	07/11/2008	240	2,012	CSP
	Pahrump	NVN 085657	COGENTRIX SOLAR SERVICES LLC (Amargosa South)	07/11/2008	720	7,700	CSP/Trough
	Las Vegas	NVN 085773	COGENTRIX SOLAR SERVICES LLC	07/11/2008	1,000	11,584	CSP
	Las Vegas	NVN 086158	POWER PARTNERS SOUTHWEST LLC	09/18/2008	250	3,885	CSP
	Las Vegas	NVN 086159	POWER PARTNERS SOUTHWEST LLC	09/19/2008	250	1,751	CSP
	Las Vegas	NVN 086217	NYE COUNTY SOLAR I, LLC (Mercury)	09/29/2008	300	14,160	CSP/Trough
	Pahrump	NVN 086246	AUSRA NV I LLC (Skeleton Hills/Lathrop Wells)	10/06/2008	140	4,460	CSP/Trough
	Pahrump	NVN 086248	AUSRA NV I LLC (Highway 160)	10/06/2008	420	10,080	CSP/Trough

State	BLM Field Office	Serial Number	Customer Name (Project Name and/or Geographic Area)	Application Received	MWs	Total Case Acres	Planned Technology
	Pahrump	NVN 086249	AUSRA NV I LLC (Spector Range)	10/09/2008	Unknown	4,480	CSP/Trough
	Caliente	NVN 086350	SOLAR RESERVE LLC (Pahroc Solar)	10/02/2008	180	7,680	CSP/Tower
	Pahrump	NVN 086571	ABENGOA SOLAR INC (Lathrop Wells Solar)	12/12/2008	500	1,920	CSP/Trough
	Pahrump	NVN 086782	SOUTHWEST SOLAR LAND CO LLC (South Solar Ridge)	02/23/2009	138	530	PV
	Las Vegas	NVN 087366	SOLAR MILLENNIUM LLC	09/22/2008	Unknown	6,400	CSP/Trough
	Las Vegas	NVN 087756	SOLAR MILLENNIUM LLC	06/04/2009	Unknown	13,571	CSP/Trough
	Las Vegas	NVN 088552	GA-SNC SOLAR LLC	05/13/2010	Unknown	825	Unknown

SUMMARY TABLE—PENDING SOLAR APPLICATIONS

State	Active Applications	Acres	Estimated MWs
Arizona	36	457,445	18,680
California	30	273,737	22,849
Colorado	0	0	0
New Mexico	3	32,616	2,200
Nevada	35	282,324	17,052
Utah	0	0	0
TOTALS	104	1,046,122	60,781

Information relating to approved solar right-of-way applications is contained in the following chart:

State	BLM Field Office	Serial Number	Customer Name (Project Name)	Application Received	MWs	Total Case Acres	Planned Technology
California	Barstow	CACA 049537	TESSERA SOLAR (Calico Solar)	03/14/2007	664	4,604	CSP/Dish Engine
	Palm Springs- Southcoast	CACA 048880	NextEra/BOULEVARD ASSOCIATES LLC (Genesis/Ford Dry Lake)	01/31/2007	250	1,950	CSP/Trough
	Palm Springs- Southcoast	CACA 048811	SOLAR MILLENNIUM/ CHEVRON (Blythe)	02/15/2007	1,000	7,025	CSP/Trough
	Barstow	CACA 049561	CHEVRON ENERGY SOLUTIONS CO (Lucerne Valley)	12/07/2007	45	516	PV
	El Centro	CACA 047740	TESSERA SOLAR (Imperial Valley Solar)	01/06/2005	709	6,360	CSP/Dish Engine
	Needles	CACA 048668	SOLAR PARTNERS I LLC (Ivanpah SEGS includes CACA 049502, 3, and 4)	11/17/2006	370	3,471	CSP/Tower
Nevada	Pahrump	NVN 084359	SOLAR MILLENNIUM LLC (Amargosa Farm Road)	11/20/2007	484	4,350	CSP/Trough
	Las Vegas	NVN 085077	NEXTLIGHT RENEWABLE POWER LLC (Silver State North)	03/21/2008	50	618	PV
	Tonopah	NVN 086292	Solar Reserve/TONOPAH SOLAR ENERGY LLC (Crescent Dunes)	11/05/2008	110	7,680	CSP/Tower
			Totals		3,682	28,894	



*Question 17.* How many new mining claims have been located over the past 10 years? Please provide number of claims located by year. Please provide a table displaying the total number of mining claims in each state.

*Answer.* The following chart lists new claims over the past 10 years. The total number of active claims over the 10 years has ranged between 320,000 to more than 400,000.

New Claims- FY 2001 to Present													
	AK	AZ	CA	CO	ES	ID	MT	NV	NM	OR	UT	WY	TOTAL
FY 2001	500	1,616	1,144	433	0	442	1,028	5,921	278	695	504	975	13,536
FY 2002	255	838	1,674	423	0	924	617	7,366	347	696	1,019	1,258	15,407
FY 2003	883	3,374	2,536	318	0	869	1,136	19,655	383	696	1,088	257	31,185
FY 2004	99	7,487	1,230	300	0	1,256	1,033	27,239	556	1,673	1,938	1,539	44,360
FY 2005	113	4,647	1,632	2,295	1	1,253	838	29,388	1,200	968	7,512	7,544	57,391
FY 2006	747	8,968	4,341	5,651	0	1,779	3,012	37,157	3,165	1,139	8,653	14,437	89,049
FY 2007	957	11,978	3,520	11,782	0	2,429	3,119	29,601	4,362	1,323	11,469	11,734	92,264
FY 2008	2,388	8,770	3,412	4,644	8	3,869	2,234	32,249	8,078	2,055	10,409	4,319	82,455
FY 2009	1,034	2,942	2,195	1,134	0	2,931	1,014	12,300	1,373	963	1,473	3,065	30,424
FY 2010	536	4,441	1,846	799	0	2,446	747	16,857	748	1,160	1,518	4,479	35,577

Public Land Statistics

#### U.S. GEOLOGICAL SURVEY

*Question 18.* What funds does the USGS propose to expend on each of the following ecosystem restoration efforts during FY 2012: California Bay-Delta; Everglades; Platte River; Upper Mississippi River; and Great Lakes?

*Answer.* The U.S. Geological Survey (USGS) proposes the following expenditures on restoration efforts during FY 2012:

- California Bay-Delta (\$3.513M): Funding provides leadership through the support of the CALFED lead scientist office, and support to the interdisciplinary Interagency Ecological Program, place-based studies in San Francisco Bay through the USGS Priority Ecosystems Science program, long-term studies tracking contaminant transportation and distribution in the Bay-Delta, and the National Water-Quality Assessment program for the Sacramento and San-Joaquin Basins.
- Everglades (\$6.907M): USGS research and monitoring focuses on ecosystem history, water quality and contaminants, surface and groundwater flows, and species response to hydrologic dynamics such as timing and distribution of water flow, water depth and inundation duration.
- Platte River (\$0.263M): Funding supports science to restore the riparian ecosystem and sustain endangered migratory and resident bird populations by understanding the linkages between hydrology, river morphology, biological communities and land use within the Platte River Basin.
- Upper Mississippi River (\$5.88M): Restoration of aquatic environments requires understanding the effects of natural and human factors on sediment dynamics, stream flow, water quality, fish and wildlife, and aquatic habitats. The new funding would build upon this existing work and develop a comprehensive new data management structure.
- Great Lakes (\$19.285M): The restoration initiative in the Great Lakes will support invasive Asian Carp control science that includes spawning requirements and identifying potential spawning areas.

*Question 19.* The FY 2012 budget includes \$59.6 million additional funding for a total of \$99.8 million for the Landsat program to conduct land imaging and remote sensing activities. How will these activities be coordinated with NASA and other federal agencies? How will these activities benefit citizens who may utilize the information collected through the program?

*Answer.* Of the \$59 million increase requested in FY2012, \$48 million for planning and development of Landsats 9 and 10 will support USGS and NASA efforts to explore design alternatives, gather user requirements, and establish a science advisory team among other activities. The USGS is meeting regularly with NASA's new Joint Agency Satellite Division to discuss these activities. The USGS Landsat Program also coordinates with many other federal agencies, including NOAA, the National Geospatial-Intelligence Agency, the State Department and other bureaus within the Department of the Interior as well as the academic community. Gath-

ering and prioritizing the operational requirements of current missions has been a USGS responsibility for years and will remain so for future Landsat missions. Also included in the National Land Imaging budget is \$13.35 million to complete the additional requirements for the ground system to account for the addition of the thermal infrared sensor to the Landsat Data Continuity Mission (Landsat 8).

Landsat data is provided to the public free of charge, and is therefore widely used by the general public, private organizations and the academic community. By one estimate, the absence of Landsat data would cost the American economy \$935 million per year. This is due in part because the satellite has become vital to America's agricultural, water management, disaster response and national security sectors. State water managers in the West use Landsat's thermal sensor to measure water use more accurately and cost effectively than with traditional methods. Foresters around the country use Landsat's imagery to remotely map and monitor the status of woodlands in near real-time. The military meanwhile uses Landsat for mapping, terrain-change detection, and graphics-display applications.

Landsat satellites have provided imagery of the Earth's surface for nearly four decades and are the source of the most consistent, reliable documentation of global land-surface change ever assembled. Landsat remains the gold standard of land remote sensing satellites because it images the surface of the Earth regularly, thoroughly and at the optimal resolution for a variety of natural resource and environmental management applications.

*Question 20.* USGS's FY 2012 budget request contains \$89.1 million in program reductions that will result in the loss of approximately 230 jobs. Has USGS evaluated the impacts of those reductions on federal-state partnership programs?

Answer. We recognize that some USGS federal-state partnership programs will be impacted by programmatic reductions as well as cost savings or efficiencies reductions contained in the Administration's budget request for the USGS. The 2012 budget makes some very difficult reductions to worthy programs including science partnerships. In programs, such as the Water Resources Research Institutes Program, where funds are leveraged there will be impacts relative to the reduced federal funding and the reduced matching funding.

*Question 21.* USGS's FY 2012 budget for water resources is \$21.6 million less than the FY 2010 enacted level. Cuts in this area will impact programs that leverage federal funding with state and local contributions. In addition, many of the programs in the water resources department help provide basic data to water managers who rely on the data for purposes such as irrigation allocations and interstate compact compliance. In addition, the funding reductions include the cessation of funding for the nation's Water Resources Research Institutes which exist in all 50 states. What are the USGS's plans for restoring funding for these critical programs?

Answer. The FY 2012 budget request for USGS water resources includes both program increases and decreases to focus the available resources on the highest national priorities, as well as reductions due to management efficiencies and the reduction in the Enterprise Publishing Network. The Groundwater Resources Program, the National Water Quality Assessment Program, and the Water Resources Research Program received program reductions, while the Hydrologic Networks and Analysis and National Streamflow Information Programs both received program increases to meet priorities. The Cooperative Water Program (CWP) is funded at \$62,252, the only reductions to this program are due to management efficiencies and the Enterprise Publishing Network. The core work of the water resources program has been preserved in the budget request.

*Question 22.* Considering the Department's ongoing efforts to work cooperatively with Mexico on water supply issues on the Colorado River, why has USGS failed to include funding in its FY 2012 request for the on-going Transboundary Aquifer Assessment program which would involve cooperation with Mexico on groundwater assessments affecting Arizona, New Mexico and Texas? In light of the recent agreement between the U.S. and Mexico regarding the aquifer assessment program, wouldn't it make sense to make as much progress as possible to develop a bi-national relationship along the border regarding water supply issues?

Answer. The U.S.-Mexico Transboundary Aquifer Assessment Program has been a successful partnership between the USGS and the Water Resources Research Institutes from Arizona, New Mexico and Texas. Progress has been made in developing and implementing bi-national workplans. Funding for this effort has been provided through unrequested increases. The FY 2012 eliminates all unrequested increases.

*Question 23.* Recognizing the important role of having basic data available to help understand the current and future water supply needs in increasingly stressed systems, why does the USGS budget request for FY 2012 fail to include any funding for a national groundwater monitoring network as authorized by the SECURE

Water Act? According to the National Groundwater Association, 78 percent of community water systems, nearly all of rural domestic supplies and 42 percent of agricultural irrigation water are supplied by groundwater. What are the Department's plans for assessing the security of our nation's groundwater supplies?

Answer. Basic data are important building blocks to construct the foundation necessary to understand current and future water supply needs. Although no new funds are requested in FY 2012 for the proposed national groundwater monitoring network, some water-level and water-quality data will be collected through USGS programs such as the Cooperative Water Program and the Groundwater Resources Program (GWRP). The GWRP provides scientific information necessary to assess and quantify availability and sustainability of our Nation's groundwater resources. Program funds added to the GWRP through the WaterSMART initiative will allow some of the ongoing groundwater assessment activities to continue.

*Question 24.* Water Use & Availability Census—USGS has just completed a pilot project to assess the water use and availability of the waters of the Great Lakes region. What are the agency's plans next for the census? As learned through the pilot program, a successful census will benefit from the active support of the states and local water users to ensure as comprehensive data set as possible. How will USGS ensure that it will receive support from states and local water users in collecting data and developing the census? How might the flow of information be improved to maximize the accuracy of the census?

Answer. The budget request for the USGS in 2011 and 2012 included funding for the Department of the Interior's WaterSMART initiative. This \$9.0 million initiative will begin USGS plans to conduct a national census of water availability and use. A complete description of the initiative is contained in the "Water Challenges" section of the Department's 2012 budget request. The Department agrees wholeheartedly that a successful census will benefit from active support of the states and local water users. The USGS has been working with an ad hoc advisory committee to shape the plans for our WaterSMART Initiative. This committee has representation from a host of government and non-governmental organizations:

In addition, one of the areas where the USGS needs the most help from state and local agencies is in the arena of water use. The USGS investment in water use science through the WaterSMART Initiative will include a program of grants to state water resource agencies to assist them with critical work on their water use databases. This information is vital to our understanding of the current and historical trends in water demand. This is a new authority under the SECURE Water Act, which allows each state to receive up to \$250K in grants for improvements to their water use data.

*Question 25a.* How are USGS's efforts contributing to the Department's New Energy Frontier initiative?

Answer.

#### *Geothermal Energy*

The USGS is building upon the updated national geothermal resource estimate of the potential for geothermal power. The study indicates that full development of conventional, identified systems alone could expand geothermal power production substantially and a much larger potential exists in Enhanced Geothermal Systems (EGS; high temperature, but low permeability). The USGS is working in collaboration with other federal and state partners to focus on regional studies to augment resolution of the national assessment. Primary objectives will be to collect, analyze, and interpret regional datasets that supplement a resource assessment and to support development of a conceptual model that ties observations of particular parameters (e.g., thermal state of the crust, variations in basin depths) to physical and tectonic processes (e.g., active extension, magmatic intrusions, fault interactions) responsible for formation of geothermal systems.

#### *Biofuels*

The USGS recently completed an assessment of the effects of biofuel production on water quantity and quality in the Mississippi Delta. To produce biofuel crops in the Mississippi Delta cotton acreage declined 50 percent and corn acreage almost tripled in 2007. Because corn uses 60 percent more water for irrigation and more nitrogen fertilizer than cotton, this widespread change is accelerating water-level declines in the Mississippi River Valley alluvial aquifer at a time when conservation is being encouraged due to concerns about sustainability. A mathematical model calibrated to existing conditions in the Delta shows that increased fertilizer applications on corn also will increase the extent of nitrate movement into the alluvial aquifer.

To assess the impacts of biofuel production more widely, accurate data, and appropriate decision support tools founded on sound science are necessary to evaluate potential outcomes and impacts. The Geographic Analysis and Monitoring (GAM) Program of the USGS supports the assessment of these impacts by: identifying areas suitable for production; developing land use change models that predict future scenarios of land allocations; and assessing the impacts on water quality and quantity and carbon sequestration. The GAM Program's current work focuses on two geographic areas with the potential to see an increased demand for land suitable for biofuels production: the northern Great Plains and the Platte River basin.

#### *Wind Energy*

The USGS is conducting basic wildlife research on life history, population status, mortality factors, and habitat use including application and development of many innovative tools and techniques that will help predict movements of wildlife in relation to wind turbines. State-of-the-art techniques are being used to evaluate regional scale development and cumulative impacts on species that are vulnerable to turbine blades (e.g. golden eagles, bats) and habitat loss (e.g. sage grouse). Design of an adaptive management framework for wind energy permitting is continuing to evolve. Adaptive management allows for evaluation of current information to enable short term management decisions while supporting essential monitoring towards continued improvement of management approaches over time.

The USGS is identifying and addressing gaps in regional information needed to assess potential impacts of siting and installation of offshore energy systems and associated cables. This research project is designed to understand the cumulative impacts of installation of varied size, configuration and spacing of offshore wind energy turbines on the seafloor. Research will address scientific questions related to changes in sediment deposition, migration and erosion patterns; disturbance or nourishment to habitats, and compaction of sediments. Resultant maps would be a part of an information portfolio used by the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE), the National Park Service (NPS), and the U.S. Fish and Wildlife Service (FWS) to evaluate potential cumulative impacts of installation of offshore alternative energy structures and cabling on sea floor disturbance caused by bottom stressors.

#### *Solar Energy*

The USGS is researching the interaction of solar energy development, placement, infrastructure support systems (roads, transmission lines), and facility operations with wildlife and the ecosystems on which they depend. Research will provide critical information to guide development and help determine what management, placement, construction and operational measures will help us meet our future energy needs while maintaining sustainable wildlife populations and ecosystems under DOI's conservation and resource mandates. This includes research to identify the type and scope of potential impacts, developing and validating maps and models to predict the impacts of mortality, habitat loss and other factors on wildlife populations, particularly on the desert ecosystems of the Southwest.

#### *Hydropower*

The USGS maintains a network of about 7,700 streamgages across the Nation. Long-term streamflow records at these sites provide the basis for any assessment of developable power, including both hydropower and conventional thermo-electric facilities requiring cooling water.

In 2011-2012, the USGS is conducting a hydropower assessment. This work is being done in cooperation with the Department of Energy's Idaho National Laboratory, and is a conventional, as opposed to low-head, hydropower resource assessment, building on the initial 2003 assessment. For a prototype region (the Pacific Northwest), two assessments are being conducted. The first evaluates the power potential of greenfield site (never before developed) hydroelectric plants. This work will involve assessing the gross power potential by using a dam development model of all stream reaches on which there is currently no civil structure. The developable power along with necessary dam width, height, and inundated area will be estimated. The second assesses and identifies sites for the development of new pumped storage hydroelectric plants for the Pacific Northwest. This work will involve identification of topographic features (natural bowls and sinks) that could potentially form the upper reservoir of a pumped storage plant.

#### *Water—Energy Coordination*

In 2009, the Government Accountability Office (GAO) conducted a performance audit of the agencies that collect key data about water use at thermoelectric generating plants in the United States. Two federal agencies—the USGS and the U.S.

Energy Information Administration (EIA), the independent statistical and analytical agency within the Department of Energy—collect and disseminate this information. The GAO released the findings of their performance audit in a GAO-10-23 entitled: “ENERGY-WATER NEXUS Improvements to Federal Water Use Data Would Increase Understanding of Trends in Power Plant Water Use.” The USGS and the EIA are taking the recommendations in this report very seriously and intend to fully implement them. Our actions will include:

- Expanding efforts to disseminate available data on the use of alternative water sources, such as treated effluent and groundwater that is not suitable for drinking or irrigation reinstating collection and distribution of water consumption data at thermoelectric power plants.
- Improving the overall quality of data collected on water use from power plants through regularly coordination with EIA, USGS, water and electricity industry experts, environmental groups, academics, and other federal agencies, to identify and implement steps to improve data collection and dissemination.

These measures will help us in understanding how this important aspect of energy production influences water availability.

*Question 25b.* Has USGS conducted studies to evaluate the impacts of energy production on water supplies from a water quality and water quantity perspective?

Answer. The USGS has been investigating the environmental impacts of water co-produced during oil and gas production for some time. Previous investigations have included documenting impacts of historical releases of produced brines in Oklahoma. Currently the USGS is: 1) identifying impacts for the use/disposal of coalbed natural gas produced waters in the Wyoming portion of the Powder River Basin; 2) studying the composition and potential human health issues of naturally-occurring organic compounds in coalbed methane produced waters; 3) characterizing the composition and radioactive nature of produced waters (including flowback waters) from oil and gas wells in the Appalachian Basin (an area of few well-documented data); and 4) creating a method to estimate water requirements and waste water volumes from development of continuous hydrocarbon resources.

The USGS is augmenting monitoring networks to establish a baseline of water quality and availability in the Appalachian Basin where drilling is proposed or ongoing, to better understand the potential contamination associated with Marcellus Shale gas drilling and hydraulic fracturing.

The USGS is investigating “produced well waters” generated as a by-product of drilling to provide information on the volume, quality (including radioactivity), impacts, and possible uses of water produced during generation of oil, gas, and coalbed natural gas production and development.

In Colorado, the USGS recently conducted an energy production related study on sources of nitrate and methane in groundwater in Garfield County.

Under the WaterSMART Initiative, the USGS proposes to report to Congress routinely in the future on the effects of new energy supplies development on water use sectors throughout the country. This proposal is part of the President’s fiscal year 2012 budget request.

A federal committee, chaired by the USGS, has been formed and is actively working on a plan for a comprehensive assessment of the effects of shale gas (and hydrofracturing) on water quality, beginning in the Delaware River Basin.

*Question 25c.* Has USGS conducted studies to evaluate the constraints that insufficient water supplies pose for the additional development of conventional and renewable energy sources?

Answer. The USGS completed a water availability pilot study in the Great Lakes Basin. A key aspect of that investigation was an evaluation of water use in the Great Lakes. Thermoelectric power production is a key industry in the Great Lakes and the water use associated with this industry was evaluated as part of an overall water use evaluation in the Great Lakes.

The USGS is also in the early stages of creating a methodology for estimating water inputs and outputs for the development of continuous hydrocarbon resources such as tight gas, shale gas, shale oil, and coalbed methane. The initial pilot work is being conducted on the Bakken Shale but similar studies are anticipated for other areas of hydraulic fracturing. In the case of the Bakken Shale, the water requirements are being compared to available regional water resources.

*Question 25d.* What activities is USGS undertaking to evaluate carbon sequestration?

Answer.

### *Geologic Carbon Sequestration*

In 2010, the USGS published the final assessment methodology to estimate geologic carbon sequestration storage potential across the United States. The USGS methodology to assess the CO<sub>2</sub> storage resource of individual storage assessment units in the sedimentary basins of the United States is a geology-based, probabilistic methodology. The USGS is assembling multi-disciplinary teams to address challenges related to assessing sequestration potential. For example, a critical issue when evaluating storage resources is the integrity and effectiveness of the seal that will retain the CO<sub>2</sub>. In 2010, the USGS and Stanford University co-sponsored a participatory workshop on Seals and Caprocks in Geologic Carbon Sequestration. This workshop brought together scientists with expertise in petrophysical, geological, hydrological, and geochemical properties of caprocks and seals for water and petroleum retention with scientists concerned with carbon capture and storage for CO<sub>2</sub> storage and retention in geologic strata.

Work on the national assessment is ongoing in order to estimate the CO<sub>2</sub> that can be stored in the technically accessible pore volume in oil and gas reservoirs and saline formations. In addition to the assessment activities, complementary research activities will be undertaken, including studying the geologic controls on storage capacity such as injectivity, factors associated with enhanced oil and gas recovery and CO<sub>2</sub> storage potential, issues related to storage of CO<sub>2</sub> in coal beds, and statistical relationships between storage assessment units, volumetric parameters, and aggregation to a national scale.

### *Biologic Carbon Sequestration*

The development of the assessment methodology for biological carbon sequestration and greenhouse gas flux in ecosystems was completed in 2010 and published in November 2010. The application of the peer-reviewed and public-commented assessment methodology to evaluate the Nation's ecosystems for carbon storage and reduction of greenhouse gas fluxes began in January 2011.

In 2011 and 2012, the USGS will apply a scientific framework to analyze natural and anthropogenic effects on long-term carbon storage, sequestration, and vulnerability of releasing carbon into the atmosphere. Within this framework, the USGS will use an extensive set of measured and observed data including field inventory data, land management data, and land change trends (including wildfires). The USGS will use these datasets as input data to run land use, biogeochemical, and hydrological models to generate carbon and greenhouse gas flux estimates for forests, wetlands, grass and shrub, cropland, and aquatic ecosystems.

*Question 25e.* Has USGS evaluated the effects of hydraulic fracturing on water supplies?

Answer. The USGS is performing a number of activities relevant to the effects of hydraulic fracturing on water supplies including

- Natural gas resource assessments are complete or underway for tight gas, shale gas, and coalbed methane. These assessments can help resource planners predict future resource development trends and therefore potential water availability and water quality effects.
- The USGS operates an ongoing nationwide surface water flow gaging network and targeted water availability studies. These form the baseline for evaluation of effects of oil and natural gas drilling, including wells requiring hydraulic fracturing.
- Water quality sampling and monitoring is being tailored using existing networks on streams in some areas affected by shale gas drilling, and some limited flowback water sampling has been initiated.
- A pilot study of production and basin water budget was performed in the Williston Basin.
- A regional long-term baseline of groundwater and surface water quality is maintained by the USGS and can be used to evaluate future regional effects of hydraulic fracturing.
- The USGS is in the process of publishing a study on the radionuclide content of produced waters being generated from the Appalachian Basin, including the Marcellus.

The USGS is cooperating with EPA's hydraulic fracturing study and with DOE on related research.

#### OFFICE OF INSULAR AFFAIRS

*Question 26.* The OIA budget again proposes a new program, "Empowering Insular Communities" (EIC), but the request is for \$4.1 million instead of the \$5 million

proposed last year. The goals of the program remain vague. On page 83, the budget again says that the program is designed to: 1) “strengthen the foundations for economic development in the islands by addressing challenges preventing reliable delivery of critical services needed to attract investment”, and 2) “pursue economic development initiatives that encourage private sector investment . . .”. But then on page 85, the budget says that \$1.1 million would be used for projects related to the Guam Military Realignment, and \$3.0 million would be used “to help the territories implement actions identified in these (NREL) energy plans.” Would you support a budget that explicitly focuses the non-Guam funds on the funding energy projects identified in the strategic energy plans and that eliminated the “call-letter” process for determining the allocation of funds.

Answer. Yes, the Department of the Interior endorses the utilization of \$3 million in Empowering Insular Communities (EIC) funds for the implementation of strategic energy plans. As the 2012 Budget Justifications for the Office of Insular Affairs (OIA) provides, “OIA will use the remaining \$3.0 million requested for Empowering Insular Communities in 2012 to help the territories implement actions identified these (NREL) energy plans.”

We believe that consultation with the territories via a call letter is an important part of determining priorities. We plan to use the call letter process in future years. Fiscal year 2012, however, is different. The NREL energy plans will be published soon. Because budget-busting energy costs are of such a high priority in all the islands, we plan to devote the remaining \$3 million in EIC funds to implementation of island energy plans. We believe that this designation of funds will meet high-priority needs on the islands.

*Question 27.* What positions within OIA are currently vacant, and are there funds within the FY12 budget to fill these positions?

Answer. Currently, OIA has three vacant positions: the Federated States of Micronesia Compact position, an Education Sector Specialist in the Honolulu field office and an Evaluator in the Honolulu field office. The FY 2012 budget adds an additional two positions for field personnel in Guam.

*Question 28.* How many of the DOI/OIG auditors are reliably available for grant monitoring in U.S.-affiliated Pacific Islands?

Answer. The Department and our Office of Inspector General (OIG) do not have auditors assigned full-time for grant monitoring in the U.S.-affiliated Pacific islands. If requested by the OIA to investigate a specific set of circumstances, the OIG considers and usually grants the request.

*Question 29.* The budget proposes an increase of \$300,000 to station two staff to conduct grant monitoring in Guam. However, there are more OIA grant funds provided to the other five U.S.-affiliated Pacific island jurisdictions than to Guam. Why was Guam selected as the site of this expended monitoring capability and wouldn't it be more cost effective to stationed staff in Hawaii, or in other islands where there are more DOI funds to monitor? What would be the OIA priorities if an additional \$300,000 funds were to be made available for grant monitoring?

Answer. Guam and Palau are the only islands to which OIA responsibility extends that currently do not have OIA field offices. An additional two officials on Guam, as proposed in the 2012 budget, would provide the Department with needed support and oversight for activities that are primarily taking place on Guam, but also provide more regional oversight.

Near term priorities of the Guam field staff would be monitoring the Guam build-up and the associated large influx of federal funds. The field staff would also be expected to provide oversight assistance to grant managers by conducting regular construction project site visits and in-person audits of grantee files both on Guam and other insular areas as assigned. Being located on Guam, the officials would be conveniently located to assist with OIA responsibilities and oversight in Palau, the CNMI and FSM. Given high travel costs from Hawaii, we believe that locating the officials in Guam would be cost-effective.

*Question 30.* Please describe the anticipated FY12 workload for the Ombudsman's Office in the CNMI and whether it will be greater, less, or about the same as this fiscal year?

Answer. OIA supports the President's budget submission for the Ombudsman's Office in the CNMI. OIA expects the fiscal year 2012 workload for the Ombudsman to remain consistent with the 2010 and 2011 workload.

*Question 31.* Please briefly describe the status of the implementation of P.L. 110-229 including a list of issues that need to be addressed through FY12, and OIA's recommendation on how these issues should be managed.

Answer. Implementation is on-going, and along with other federal agencies we are finding ways to resolve the unique challenges presented by the task of extending federal immigration law to the CNMI after 30 years of CNMI control.

The Department of Homeland Security (DHS) has issued its final rule governing CNMI-only E-2 investors. DHS has not yet issued final regulations governing the CNMI-only transitional worker program, the interim final rule for which currently is enjoined as a result of litigation filed by the Government of the CNMI. DHS has published interim final rules, which are currently in effect, for conforming amendments to immigration regulations (a joint rulemaking with the Department of Justice) and the Guam-CNMI visa waiver program. In addition, the Secretary of Homeland Security has exercised her discretionary authority to parole eligible visitors into the CNMI on an individual basis from China and Russia.

Under the Consolidated Natural Resources Act of 2008, the Department of the Interior was instructed (1) to report with recommendations on what actions should be taken with regard to foreign workers in the CNMI, and (2) to provide technical assistance to aid in the diversification of the CNMI economy and to aid CNMI employers in hiring United States-eligible workers.

The Interior Report on the Alien Worker Population in the Commonwealth of the Northern Mariana Islands was issued in April 2010, with the recommendation that “consistent with the goals of comprehensive immigration reform, we recommend that the Congress consider permitting alien workers who have lawfully resided in the CNMI for a minimum period of five years to apply for long-term status under the immigration and nationality laws of the United States.”

With regard to technical assistance, the OIA conducted a Forum on Economic and Labor Development (FELD) in November 2010 in order to get stakeholder input in the development of a technical assistance program. The results of the FELD are being finalized and will soon be posted on OIA’s website. From information obtained during this forum, OIA is developing a technical assistance program to assist the Commonwealth in its economic recovery efforts and aid employers in hiring United States-eligible labor.

*Question 32.* When there is a disagreement between OIA and DHS on how to handle an alien worker case in the CNMI, have OIA and DHS established a system to exchange information and reach an agreement on how resolve the disagreement?

Answer. OIA and many agencies within DHS working on issues in the CNMI have established good working relationships and are working together to facilitate the transition to federal immigration law in the CNMI. DHS’ USCIS has been responsive to the unique situation in the CNMI and cognizant of the challenges of applying the federal immigration categories to the lawfully present aliens in the CNMI. They continue to work collaboratively with the Ombudsman’s Office in this area.

CBP has also been responsive when an alien’s lawful status is in question and has responded quickly to any concerns raised by the Ombudsman’s Office.

The Ombudsman’s Office and ICE are developing a cooperative working relationship. In the area of anti-trafficking, smuggling or other criminal matters, ICE has been responsive.

*Question 33.* What agency is the source of the grants that are currently being investigated in the Marshall Islands?

Answer. The source of grants being investigated is the Department of Health and Human Services (HHS). The investigation is continuing, including a determination of other funding sources that may be involved.

*Question 34.* Please describe the status of this investigation.

Answer. The Republic of the Marshall Islands (RMI) Attorney General has been investigating the fraud since 2010.

The RMI Attorney General briefed U.S. members of the Joint Economic Management and Financial Accountability Committee on the status of the investigations on March 22, 2011. Twenty-two cases have been filed involving various forms of fraud against the Government of the RMI, totaling between \$600,000 to \$700,000. Some conspirators have been suspended without pay and three have been terminated. The RMI expects to get convictions on all cases and will continue to prosecute pending cases.

Only half of the embezzled amount was drawn down by the RMI from the affected HHS programs. This means that RMI local funds were stolen as well. So far, only one transaction of \$9,000 in Compact-related funding is being investigated for possible fraud. The Government of the RMI anticipates the recovery of some of the lost assets.

The Department of Interior is collaborating with HHS by sharing information and coordinating the response. The OIA led a meeting between U.S. officials (including HHS staff) and RMI officials in late February.

The U.S. Embassy urged the RMI to engage outside assistance. The RMI welcomed participation by OIA and OIG personnel. The investigation is on-going.

*Question 35.* Are DOI/OIG or OIA investigators participating in this investigation?



Answer. Currently, OIA has two officials participating in the investigation. One is the OIA representative permanently assigned to the U.S. Embassy in Majuro. The OIA Accountability Specialist has also been assigned temporary duty in Majuro to assist. The Office of Inspector General has also assigned an auditor to participate in the investigation.

*Question 36.* In light of the problems in the Marshall Islands, does the DOI/OIG or OIA plan any specific oversight or investigation of grants in the other U.S.-affiliated islands in the Pacific?

Answer. OIA does not currently plan any other investigations. The problem in the RMI was allegedly the work of a ring of conspirators, originally assumed to be trustworthy, who methodically falsified documents in league with vendors. This is a difficult fraud to detect. The Department auditors provided guidance to the RMI in improving procedures and detecting fraud. When staffed with OIA evaluator/auditors, the OIA will have the capacity to provide an in-depth review of procurement practices in the insular areas.

*Question 37.* What is the status of Rongelap the resettlement program and do you expect that resettlement will be initiated by the October 1st target date?

Answer. Phase II of the OIA-funded Rongelap resettlement housing program has four clusters. There are five houses in the first cluster. At Rongelap Island the contractor has finished the exterior, six-inch concrete-masonry-unit (CMU) block works for all five houses and has begun the CMU block works for the interior, four-inch walls for some of the five houses. In Majuro the contractor has in progress the procurement and delivery of roofing materials, windows, doors/hardware, lumber and cement.

The second cluster has thirteen houses; the third cluster, twelve houses. At Rongelap Island, preparation for the workers' camp for each of these clusters continues. In Majuro the contractor has undertaken the material testing of the CMU blocks for these two clusters and has substantially completed the procurement and delivery of cement, blocks and aggregate for both clusters.

The fourth cluster will have ten houses, for which the contract in the amount of \$799,999 has been awarded to Majuro Building Solutions. The notice to proceed has been issued with a completion date of January 12, 2012. A pre-construction meeting has been held to discuss, among other topics, construction safety, logistics and workers' barracks at Rongelap Island.

Based on available information, the OIA anticipates that resettlement at Rongelap Island will begin by the October 1st target date.

*Question 38.* Please report briefly on what steps OIA has taken in the past year to reduce the impact of FAS migrants on communities in Guam and Hawaii.

Answer. Currently, there are two OIA initiatives intended to reduce the effect of Micronesian migration on United States jurisdictions. First, in order to better educate and prepare citizens from the Republic of the Marshall Islands (RMI) traveling to the United States, OIA has awarded a technical assistance grant to develop an orientation pamphlet and video. These materials identify important documents that are necessary to live and work in the U.S., information about housing, employment, health care, education, U.S. law, and additional resources that can contribute to a better understanding of their rights and responsibilities while in the U.S.

Second, OIA has engaged in discussions with the Government of the RMI to establish an RMI health screening process. The goal of this initiative is to ensure that RMI citizens receive medical attention they need prior to traveling and limit the spread of communicable diseases, such as drug resistant tuberculosis. This targeted effort will assist in reducing the burden of providing expensive medical care and can prevent unnecessary loss of life. This is an on-going initiative that OIA is pursuing with the RMI government. Areas of continued discussion include how to deliver this service, how to handle the costs, and how to convince RMI citizens that the screening can benefit them and is not an effort to prevent them from travelling.

Under Article 141 of the Compacts as Amended with the Republic of the Marshall Islands (RMI) and the Federated States of Micronesia (FSM), as well as the Compact with the Republic of Palau (ROP), citizens of the FAS can travel, live, and work in the United States without a visa. The possibility of the U.S. embassies in the FAS reviewing public charge/medical ineligibilities for FAS citizens seeking to travel to the United States would not be a viable solution. The U.S. embassies would have to increase significantly the size (personnel, equipment, and space) of their consular sections in order to properly review public charge/medical ineligibilities for FAS citizens seeking to travel to the U.S. The public charge issue would be especially difficult to adjudicate as it is typically associated with a U.S.-based sponsor who is the petitioner for an immigrant visa. Without a petitioner we would have to evaluate applicants more like non-immigrant visas where we look at the applicant's own financial capacity or skills-based employability. If this were the case, few FAS citi-

zens would likely qualify. Any system set up to screen FAS citizens going to the U.S. for any medical ineligibility would do little to solve the problem of the financial burden of Compact migrants on the states. The health issues of FAS migrants that are the most costly to the states are diabetes, heart disease, and hypertension. None of these diseases in themselves would make a traveler to the U.S. ineligible to enter.

BUREAU OF RECLAMATION

*Question 39.* Rural Water—Although the American Recovery and Reinvestment Act provided significant funding for Reclamation’s rural water projects, there continues to be a significant funding backlog for those projects. Many of those projects, like the Eastern New Mexico Rural Water Project, are designed to meet critical water needs where no reliable water supply exists. What are Reclamation’s plans for meeting the funding requirements of the existing authorized projects?

Answer. The first priority for funding rural water projects is the required operation and maintenance component, which is \$15.3 million [Bureau of Reclamation-wide] for FY 2012 for tribal features of the Mni Wiconi and Garrison projects. Reclamation has applied a consistent method for allocating funds for the construction component based on objective criteria that gave priority to projects that serve on-reservation needs and projects nearest to completion. Reclamation is making progress in funding construction of rural water projects. The Mid-Dakota rural water project was completed in FY 2006; numerous features within the Garrison Diversion Unit in North Dakota have been completed; the Perkins County Project is scheduled to be completed in 2011, and the Mni Wiconi Rural Water System is scheduled to be completed in 2013, dependent on funding. Approximately \$232 million in American Reinvestment and Recovery Act (ARRA) funds were provided for rural water projects (\$20.9 million on O&M, and the remainder of approximately \$211.1 million on construction), an amount approximately \$32 million more than initially allocated.

- Mni Wiconi Rural Water Project is in the FY 2012 budget request for \$16.3 million in construction funds.
- Garrison Diversion Unit Rural Water—The state and tribal components of this rural water project are in the FY 2012 budget request for \$1.0 million each.
- Fort Peck Reservation/Dry Prairie RWS in Montana is in the FY 2012 budget request for \$493,000.
- Lewis and Clark Rural Water System in South Dakota, Iowa, and Minnesota, is in the FY 2012 budget request for \$493,000.
- Rocky Boy’s/North Central Montana RWS in Montana is in the FY 2012 budget request for \$493,000.
- The Jicarilla Apache Rural water system is in the FY 2012 budget request for \$496,000.

For the Eastern NM Rural Water Supply Project, Reclamation has completed all the prerequisites for construction including the issuance of a Finding of No Significant Impact (FONSI) for the Environmental Assessment for the Project on January 28, 2011. There is no funding requested in the 2012 budget for this Project but the local sponsors will be utilizing a portion of the 25 percent cost share to break ground on the project this year. The Administration will be reviewing funding needs in FY 2013 and beyond.

Since the project was authorized in 2002, Reclamation has received approximately \$10.3 million for the Jicarilla Apache Rural Water System. To date, the Jicarilla Apache Nation (Nation) has expended approximately \$5 million of this appropriated funding and more than \$20 million from other sources. The Nation has approximately \$5.5 million in available federal funding for work this year, has hired a new Project Manager, and has plans to spend about \$2.5 million. Reclamation requested appropriations in the amount of \$496,000 for FY2012 for this project.

*Question 40.* In 2010, Reclamation initiated funding opportunities in connection with the rural water program. What is the status of the funding that was allocated through those opportunity announcements? Does Reclamation intend to initiate a new round of funding opportunities in the near future?

Answer. In FY 2010, Reclamation awarded \$2.6 million to fund 10 appraisal investigations and 3 feasibility studies under the Rural Water Program. All of the appraisal investigations are anticipated to be completed within two years of the award, by the end of FY 2012. The feasibility studies awarded in FY 2010 are expected to be finished by 2016.

Reclamation is currently evaluating 45 applications received in response to the FY 2011 Funding Opportunity Announcement. The total amount of federal funding re-

quested was over \$7.5 million. Thirty of the forty-five applicants were asked to submit a full application (due April 5, 2011) for further consideration of funding. The FY 2012 Funding Opportunity Announcement is scheduled in late 2011.

*Question 41.* It does not appear that Reclamation's budget includes any funding to initiate the loan guarantee program authorized by the Rural Water Supply Act of 2006 (P.L. No. 109-451). What is the basis for the Administration's delay in establishing the loan guarantee program? What is the status of the criteria that the Secretary is to establish which identifies the entities and projects for which loan guarantees will be available?

Answer. Overall, our budget continues to support the need to maintain infrastructure in a safe operating condition while addressing the myriad challenges facing water users in the West. No appropriations are requested for the cost of loan guarantees. On October 6, 2008, a proposed rule was published in the Federal Register with a 30-day public comment period. The proposed rule established criteria to determine eligibility of entities to use loan guarantees to fund Rural Water projects, as well as extraordinary maintenance and rehabilitation for existing facilities.

#### RIO GRANDE PROJECT

*Question 42.* Has Reclamation evaluated the consequences from a water supply perspective of the recent agreement entered between Elephant Butte Irrigation District and El Paso Water Improvement Dist. No.1 related to operation of the Rio Grande Project? How would the water supply allocations be different if Reclamation had continued to follow the prior allocation formulas that Reclamation had previously used to allocate project water? Has Reclamation developed and released a revised version of the operating manual? Does Reclamation have any plans for further modifications to the operating manual or the agreement? What has Reclamation done to address the concerns raised about the agreement from the States of Colorado and New Mexico? Is Reclamation open to further discussions with those states regarding their concerns?

Answer. The Rio Grande Project's water supply is determined by the Rio Grande Compact. The Operating Agreement functions within the constraints of the Compact, and consequently, Project supply under the Compact is unaffected.

The allocations to each District prior to the new operating agreement, as well as under the Operating Agreement, are based on the respective acres in each District. The Elephant Butte Irrigation District (EBID) receives 57 percent of the deliverable water to the headings and the El Paso Water Improvement District No. 1 (EP#1) receives 43 percent. Under the Agreement this balance is maintained because the EBID is still allocated a 57 percent of surface supply and the EP#1 is still allocated 43 percent of surface supply. However, because of the effects of river pumping in New Mexico, the EBID agrees to forgo the delivery of a portion of its surface allocation so that the delivery to the Texas portion of the Project remains 43 percent of the annual delivery based upon historical delivery criteria. The EBID then obtains its historical Project allocation by recovering Project water from the ground. The amount of water in the river remains within the same range as has resulted from project deliveries over the historical operation of the Rio Grande Project. The issue of the amount of pumping allowed by the State of New Mexico and the effect of such state authorized pumping is, of course, part of the reason for the adoption of the Operating Agreement. However, as the purpose of the Operating Agreement was to preserve the historical allocation of Project supply, the major effect of pumping in New Mexico is not an effect of Project operations but, instead, is a function of the water rights granted by the State of New Mexico.

As allowed by the Agreement the Operations Manual is revised each year in order to address minor changes needed to make the Agreement work in all situations. Changes are made by consensus with all Project water users. Once adopted and approved these changes are made available to all interested parties.

Reclamation has been in discussions with the New Mexico Office of the State Engineer, the New Mexico Interstate Stream Commission, and the Engineering Advisors to the Rio Grande Compact Commission since 2008 on Rio Grande Project operations under the new Operating Agreement. Representatives from each Compact State have been invited to attend the monthly meetings held by the Project water users to help all parties gain a better understanding of Project operations. Reclamation will continue to work with the Rio Grande Compact States and the two Districts to address concerns as they arise.

*Question 43.* What actions, if any, is Reclamation taking to prepare for a below-average snow pack this year in New Mexico?

Answer. In preparation for below average snow pack in the Rio Grande, Reclamation is taking various actions:

- The Rio Grande Project only allocates water that is in storage. As of March 1, 2011, Reclamation has made allocations equal to only 27 percent of a full allocation. As more water reaches Project storage it will be allocated to the Project water users in accordance with existing agreements. The irrigation Districts and Mexico have been notified of the anticipated decreased water supply and have been provided with a projected inflow schedule and allocation based on the latest snowpack and runoff scenarios. These projections are for planning purposes only and are not a guarantee of the final allocation for 2011.
- Under the 2003 Emergency Drought Water Agreement, which allows storage while under Article VII restrictions, we plan to store 10,000 ac-ft in El Vado, which will supplement the approximately 21,500 ac-ft of supplemental water already available.
- We will soon have a contract in place to monitor the river for BiOp requirements, and we have extended the dates of the contract so that monitoring can begin earlier, if necessary.
- To address the issue of Prior and Paramount (P&P) storage for Indian users, Reclamation met with the Bureau of Indian Affairs (BIA) and the affected Pueblos on March 22, 2011 about P&P storage, including plans for P&P storage this spring. The final stored amount will be determined in May, consistent with the 1981 Agreement for Procedures for the Storage and Release of Indian Water Entitlements of the Six Middle Rio Grande Pueblos. Based on existing knowledge of available flows, it is anticipated that the entire P&P amount will be stored during Article VII restrictions.

The forecast on the Pecos River is for 36 percent of the 30 year average inflow to Santa Rosa Lake. Water users are working with Reclamation to manage limited storage supplies and base flows in order to meet requirements under the current Biological Opinion. In addition, Reclamation has been proactive by conserving water used to meet ESA BiOp flow targets in close coordination with FWS staff. Together, we agreed that, given this year's forecast, Reclamation will not manage for the 35 cfs target at Taiban, but instead will manage for continuous flow. Reclamation staff is continuing efforts to acquire more water, via leases with river pumpers and the Carlsbad Irrigation District.

#### MIDDLE RIO GRANDE PROJECT

*Question 44.* Reclamation is in the process of preparing a biological assessment that will lead toward a new biological opinion for its operations within the Middle Rio Grande. How will the new biological assessment address concerns that the existing 2003 biological opinion is not sustainable on a long-term basis? What has Reclamation done to coordinate with the Corps of Engineers and the Fish and Wildlife Service to ensure that there is a smooth transition to a new biological opinion for the Middle Rio Grande? Is there a clear path forward for the new biological opinion? Does Reclamation anticipate any problems in meeting the benchmarks it has established for the process of developing the new biological assessment or obtaining a biological opinion from the Fish and Wildlife Service? What specific activities are being carried out with the funding provided in 2010 and 2011 to address ESA issues in the Middle Rio Grande?

*Answer.* Based on our modeling of the Middle Rio Grande, water operations as described in the 2003 biological opinion (BiOp) are not sustainable into the future, and therefore it is critical that new operations and management tools be identified and implemented as soon as possible. In addition to development of the Biological Assessment (BA), several other concurrent efforts are underway which are essential for the success of the consultation process. Updating the current Long Term Plan (LTP) and development of an Adaptive Management Plan by the Middle Rio Grande Endangered Species Collaborative Program (Program), and Reclamation's efforts to secure additional water supplies and new water operations tools to meet science-based flow requirements will all be crucial pieces of the consultation process. The 2003 BiOp is the point of departure but realistically it will be a few years into the new BiOp before new science-based information and understanding through the performance of hypothesis testing in adaptive management allows for changes in water operations.

Reclamation and the Corps of Engineers (CoE) are proactively working to draft BAs on the effects of discretionary Middle Rio Grande water management actions and river maintenance. A joint federal/non-federal ESA consultation team has been established to support the consultation efforts. Beyond Reclamation and CoE the interagency team includes the FWS and a few non-federal entities. Reclamation also meets and coordinates with the FWS and the Corps individually on an as needed basis.

Reclamation does not anticipate major problems in meeting its benchmarks in developing the new BA. Reclamation continues to work collaboratively with the Service, and other stakeholders, to ensure that we can successfully negotiate the path to achieve a BO that will be satisfactory to all parties.

FY 2010 and proposed 2011 funding would allow the Collaborative Program to continue activities to support transitioning into a Recovery Program. This included (1) revising the LTP, (2) initiation of developing an adaptive management plan for Program-related research and management actions, (3) initiation of scientific peer review of nominated Program projects including the 2003 BiOp requirement to implement fish passage at San Acacia Diversion Dam, (iv) supporting compliance with the 2003 BiOp, including ongoing activities such as: habitat restoration; supporting efforts of the FWS through interagency agreements for Big Bend silvery minnow reintroduction, Program management, and Endangered Species Act support; silvery minnow assessment and genetics monitoring, augmentation, rescue efforts, egg spawning and monitoring, population monitoring and estimation, Population Viability Analysis modeling, fish community sampling methodology evaluation, age and growth sampling and analysis; and continued operation and maintenance of USGS Middle Rio Grande gages and silvery minnow rearing and breeding facilities.

#### WATERSMART

*Question 45.* The WaterSMART program included an increased budget request in FY 2011 but has been scaled back for FY 2012. Why has Reclamation sought a decreased amount of funding in FY 2012 for the WaterSMART grants? Regarding the Title XVI program, what is the status of the funding backlog for the existing authorized Title XVI projects? Have any projects been taken off the prior backlog list as a result of information provided by the project proponents that funding is no longer necessary. Has Reclamation begun to utilize the new criteria it has developed for the Title XVI program? Last year, Reclamation initiated a funding opportunity announcement for the Title XVI program—does Reclamation intend to go forward with awards and if so, what is the anticipated time frame for doing so?

Answer. The budget request for WaterSMART Grants in FY 2012 does represent a decrease from the FY 2011 request due to the economic conditions facing the Nation and competing budget priorities. The FY 2012 request is similar to the level of appropriations for WaterSMART Grants in FY 2010, when Reclamation was able to award funding for 51 new cost-shared projects. The overall amount of funding requested for WaterSMART is substantially increased in 2012 compared to 2010.

Reclamation included new program criteria in its FY 2011 funding opportunity announcement to identify project phases that most effectively meet program goals. Applications submitted by the February 11, 2011 deadline are currently under review. Selections are expected to be announced in early April 2011, or later as necessary to ascertain the amount of FY 2011 funding available for such projects.

#### HYDROPOWER

*Question 46.* The Department is a party to the Memorandum of Understanding for Hydropower which addresses the development of additional hydropower resources at the Bureau of Reclamation's facilities. What is the status of Reclamation's discussions with FERC regarding a revised memorandum of agreement between the agencies regarding coordination of the development of hydropower projects? Does Reclamation anticipate it will develop an inventory of the projects that Reclamation has power development authority for that can be made available to the public? What are Reclamation's procedures for development of "in conduit" hydropower within Reclamation projects? What are Reclamation's plans for publicizing the availability of the potential to develop additional hydropower, including within conduits, at Reclamation facilities?

Answer. Reclamation met with FERC on February 15, 2011 to discuss options regarding a revised MOU regarding coordination on development of hydropower projects. Reclamation is currently doing preparatory work on a preliminary list of Reclamation sites that identify the developmental authority of the site. The goal is to get a list that both FERC and Reclamation can agree to that details the developmental authority. At that time the list will be made publicly available.

Currently Reclamation's procedures for development of "in conduit" hydropower within Reclamation projects is the same as for development at existing dams. Reclamation is reviewing if/how "in conduit" projects should be addressed in the future. Reclamation, in collaboration with DOE is performing a resource assessment in 2011 that will identify potential for development of hydropower on Reclamation canals and conduits. This assessment is the second phase of the hydropower resource

assessment started in 2010. The first phase, just completed, identified hydropower development capability at 530 Reclamation dams.

#### ENERGY/WATER NEXUS

*Question 47.* The connection between energy and water is becoming increasingly important. How is Reclamation incorporating renewable energy sources into its projects? Does Reclamation need any additional authorizations to be able to utilize renewable energy sources at its facilities? Will Reclamation be able to document the conventional energy saved or renewable energy generated at its facilities? Is the Department considering water supply implications in connection with its energy development strategies?

Answer. Reclamation currently generates over 40 million MWh's per year of clean renewable energy through its existing hydropower fleet, and Reclamation is consistently evaluating opportunities for increasing generation at these facilities through generator rewinds, more efficient turbines and optimization programs. Reclamation is also exploring ways to encourage non-federal development of sustainable hydropower development at existing facilities through its "Hydropower Resource Assessment at Existing Reclamation Facilities" report and tool. These all fall within existing authorizations.

Reclamation is working with the Department of Energy on funding advanced hydropower system testing projects on new low-head hydropower technologies that are designed to bring down the costs of development for previously marginal hydropower sites. DOE anticipates releasing this Funding Opportunity Announcement, which would be released by DOE and is designed to be implemented at a Reclamation site.

Reclamation is also exploring whether other renewable generation resources (solar, wind, etc.) can be developed by Reclamation or by others on Reclamation land. We are working with the National Renewable Energy Laboratory to do a preliminary investigation on the best sites for this kind of development. We believe that this kind of development also falls under existing authorizations.

In addition, under the authority of Section 9504 of the SECURE Water Act, Reclamation makes cost-shared funding available through WaterSMART Grants for projects that increase the use of renewable energy in the delivery water. Reclamation has revised its grant consideration criteria to include incorporation of renewable energy initiatives into water projects and projects that achieve an overall reduction in energy use.

In 2011, Reclamation will be quantifying energy efficiency savings and renewable energy generated at its facilities. This renewable generation is through hydropower, solar, and wind energy generated on Reclamation lands. Funding opportunities specifically seek proposals that quantify estimates of renewable energy to be generated.

#### INDIAN WATER RIGHTS SETTLEMENTS

*Question 48.* The FY 2012 budget includes funding for recently enacted Indian water rights settlements and establishes an Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects. Is that account intended to be the same account that was established by Congress in P.L. 111-11, known as the Reclamation Water Settlements Fund? How were the amounts for each of the settlements requested in FY 2012 determined? How is Reclamation coordinating with BIA and other agencies to ensure that the settlement implementation deadlines will be met?

Answer. The new Indian Water Rights Settlements account is intended to subsume the funding for the Reclamation Water Settlements Fund, and include both funding directed by Congress into the Fund established under P.L. 111-11 and also funding that Congress directed for other settlements in the Claims Resolution Act of 2010 (CRA). The Reclamation Water Settlements Fund received appropriations as a result of the CRA under Title VII (\$60 million for FY 2012 through FY 2014). This funding is directed for use for Northwestern New Mexico Rural Water Projects, of which the Navajo-Gallup Water Supply Project is the first priority, as enacted in P.L. 111-11. The CRA also provided additional appropriations for four settlements, the White Mountain Apache, Crow, Aamodt, and Taos settlements (Titles III, IV, V, and VI of the CRA). The 2012 budget for the Indian Water Rights Settlement account requests funds for the four settlements enacted in the CRA as well as the Navajo-San Juan settlement. The intent of the new Indian Water Rights Settlements account is to maintain high visibility and transparency for the settlements treated in the CRA by keeping them separate from the account in which most Bureau of Reclamation programs and projects are funded.

The amounts requested for each of the settlements were determined by requesting capability statements from the Regions/Project managers for each settlement, as to

what funding they could reasonably be expected to use under the complex circumstances ascribed to each settlement under the CRA. These statements were requested and completed within a very short turnaround period.

The Secretary's Indian Water Rights Office has appointed Implementation Teams for each settlement that include representatives from Reclamation, the BIA, the Solicitor's Office, the Department of Justice and other agencies as appropriate. These Teams coordinate the implementation of the settlements with the tribes and the local entities. In addition, there have been multiple high-level coordination meetings under the auspices of the Department of Interior's Program, Management and Budget Office amongst the Bureaus, including Reclamation and BIA, as well as budget staff and solicitors.

#### RECLAMATION FUND

*Question 49.* What is the projected balance in the Reclamation Fund in FY 2011 and FY 2012? Are there projections in the budget beyond the FY 2012 timeframe? If so, please identify those projected balances.

*Answer.* The actual balance in the Reclamation Fund at the end of FY 2010 was \$8.5 billion. The projected balance in FY 2011 is \$9.4 billion and \$10.5 billion in FY 2012. There are no projections beyond the FY 2012 budget.

#### ALP

*Question 50.* What is the current schedule for completion of the Animas-La Plata Project? What is the status of development of the recreational facilities at Lake Nighthorse? What activities are scheduled for 2011 and planned for 2012?

*Answer.* Construction completion of the Animas-La Plata Project is scheduled for FY 2012. Additional funding will be required for continued life cycle operations and maintenance in order to complete the commitments of the Federal Government required by the Colorado Ute Settlement Act Amendments of 2000. These include the requirement that the United States pay the two Colorado Ute Tribes' operations, maintenance, and replacement (OM&R) costs until such time as the Tribes put their Project water to use. The Animas-La Plata Water Conservancy District, Reclamation, and the community of Durango are developing a recreation plan for Lake Nighthorse and expect to have the plan available to the public in the spring of 2011. Currently, the area in and around Lake Nighthorse remains closed to public use due to construction and will remain closed until Reclamation finds a recreation manager and appropriate recreation facilities are in place to provide for public safety and protect land and water resources from damage due to uncontrolled use. Activities scheduled for FY 2011 include:

- Continue construction of the Navajo Nation Municipal Pipeline in New Mexico, under contract with the Navajo Engineering and Construction Authority.
- Continue construction of the Permanent Operating Facility in Colorado, under contract with Weeminuche Construction Authority.
- Continue filling of Lake Nighthorse. The reservoir is approximately 2/3 full with about 80,000 ac ft in storage.
- The process of transferring the project to O&M status in 2012 has started. As part of this process, work on identifying and addressing transfer stipulations has begun.
- Work will continue on the life cycle operation and maintenance of improvements for wetland and wildlife mitigation lands associated with the project.

Activities scheduled for FY 2012 include:

- Completion of the Navajo Nation Municipal Pipeline.
- Completion of the filling of Lake Nighthorse.
- Continue toward completion of the transfer of the project to O&M status, and anticipated transfer stipulations.
- Continued life cycle operation and maintenance of improvements for wetland and wildlife mitigation lands associated with the project.

#### SAN LUIS DRAINAGE UNIT

*Question 51.* What is the status of the litigation involving drainage issues within the San Luis Unit? Is a settlement of these issues imminent? If so, what are the general terms expected in a potential settlement?

*Answer.* In February 2000, the U.S. Court of Appeals for the Ninth Circuit Court of Appeals agreed with the lower district court that section 1(a) of the San Luis Act of June 3, 1960 imposes on the Secretary of the Interior a duty to provide drainage service to the San Luis Unit, but held that the Secretary has discretion to meet that

obligation with a plan other than constructing the Drain to the Bay/Delta, as originally envisioned in the Act. The district court subsequently amended its mandatory injunction to reflect the decision of the Ninth Circuit Court of Appeals. Following completion of an environmental impact statement that evaluated numerous alternatives, Reclamation's Mid-Pacific Region issued a Record of Decision (ROD) in March 2007, selecting the "In-Valley/Water Needs/Land Retirement Alternative", which was consistent with a locally developed alternative for implementation. The selected alternative relies upon a combination of in-Valley treatment of drain water (i.e., it avoids the exportation of drain water from the San Joaquin Valley) and land retirement to meet the drainage service requirements of the district court's injunction.

The Department also prepared and submitted to Congress a feasibility report which concludes that the cost of implementing the selected alternative will be approximately \$2.7 billion. That amount far exceeds the remaining appropriations authorized for construction of the Unit. As a result, the alternative selected in the ROD cannot be implemented fully under existing law.

As part of the ongoing litigation, the Department advised the district court in November 2009 that, while it could not implement the entire ROD, sufficient appropriation ceiling remained to allow the Department to construct one subunit of drainage facilities within the Westlands Water District. At the same time we also filed with the district court a control schedule projecting the activities and fiscal year budget needs to support this construction. In December 2009, the district court issued an order directing Reclamation to perform the undertakings we presented to the court including the control schedule. Since that time, Reclamation has been performing activities consistent with this court order, and has been filing status reports every six months to update the district court on the status of these activities. On September 1, 2010, Reclamation sent a letter to Senator Feinstein outlining the key elements of a long-term legislative drainage strategy that would accomplish the goals of transferring responsibility for irrigation drainage to local control and providing corresponding financial incentives to the districts. In the meantime, the parties to the litigation have cross-moved for summary judgment on the remaining claim in the case, and those cross-motions are now briefed. The district court has scheduled oral argument for May 20, 2011.

We are not aware of any active settlement discussions for the Firebaugh litigation.

#### CENTRAL VALLEY PROJECT

*Question 52.* Reclamation's efforts to manage the CVP include construction of a new pumping plant and fish passage at the Red Bluff Diversion Project. Will that construction project be completed with the funding requested in FY 2012? What will the impacts be if sufficient funding is not received?

Answer. The Reasonable and Prudent Alternative (RPA) contained in the June 4, 2009 National Marine Fisheries Service (NMFS) BiOp for the continued long-term operation of Reclamation's Central Valley Project and the State of California's State Water Project requires Reclamation to operate the Red Bluff Diversion Dam with all gates out of the water no later than May 2012 to allow unimpeded fish passage. In order to continue to provide for agricultural water deliveries Reclamation needs to have the pumping plant and fish screen operational by May 2012. The RPA allows Reclamation to request to close the Red Bluff Diversion Dam gates from May 2012 to September 2012 if the pumping plant and fish screen are not expected to be operational by May 2012.

Reclamation is currently on schedule and on budget to meeting the May 2012 deadline with a total project cost of approximately \$220 million. Reclamation is utilizing nearly \$116 million in American Recovery and Reinvestment Act funding to construct the temporary pumping plant, to design and construct the project.

All of the funding requested in 2012 is necessary to complete construction of the project and have the pumping plant and fish screen operational by May 2012. Once complete, this project can yield benefits to several listed fish species, including winter-run and spring-run Chinook salmon, green sturgeon, and Central Valley Steelhead, while simultaneously insuring the ability to reliably divert irrigation water to 150,000 acres across multiple counties in the Sacramento Valley.

#### CALIFORNIA BAY-DELTA

*Question 53.* What is the Smarter Water Supply and Use program? What is the anticipated date of completion of the Bay-Delta Habitat Conservation Plan that is in the process of being developed by federal agencies and non-federal partners?



What efforts have been made to coordinate federal efforts to develop sustainable and complementary biological opinions for the Bay-Delta?

Answer. The California Bay-Delta funding request was realigned in FY 2012 to reflect the four interconnected priorities described in the Interim Federal Action Plan for the California Bay-Delta (Plan). Smarter Water Supply and Use is one of the priorities described in the Plan. The Plan is available at the following website:

<https://www.doi.gov/documents/CAWaterWorkPlan.pdf>

The Bay-Delta Conservation Plan (BDCP) has been a collaborative effort to develop a long-term plan to achieve the dual objectives of a healthy Bay-Delta and a reliable water supply for water users who depend on through-Delta conveyance. It is the keystone for restoring and protecting the Bay-Delta ecosystem and California's water supply system for the long-term. Federal agencies participating in BDCP are working closely with the new State Administration and non-federal partners in the development of a BDCP process to advance current planning efforts. The agencies are evaluating and currently updating BDCP schedules and National Environmental Policy Act/California Environmental Quality Act documents. As of now, a public draft of the BDCP is scheduled to be released in December 2011, and a Final BDCP released in December 2012.

The FWS and NMFS, together, with Reclamation, are working to lay the technical, policy, and regulatory foundation necessary to develop an integrated biological opinion that could be issued jointly by both agencies for the BDCP and continued operation of the Central Valley Project (CVP). This approach is consistent with the March 2010 National Research Council assessment of the two BiOps under the Endangered Species Act which called for better integration across agencies. The agencies are also jointly developing analytical tools to help assess future management of the Bay-Delta ecosystem, reduce uncertainty, and foster improved integration. FWS and NMFS are also building regulatory, legal, and policy teams that will work with Reclamation in a multi-agency process to complete the integrated opinion. An integrated biological opinion will be a key component for the long-term management of the Bay-Delta, by combining the BDCP and CVP actions into a single, comprehensive analysis that ensures coordination of water operations and restoration activities for all potentially impacted species.

#### CVP RESTORATION FUND

*Question 54.* What activities will account for the increase in funding requested for the Central Valley Project Restoration Fund? Are all of these funds offset by collections of revenues from other sources?

Answer. The collections of revenues into the Central Valley Project Restoration Fund (CVPRF) are cyclical based on the three-year rolling average requirement established in the Central Valley Project Improvement Act (CVPIA or Act). The Act requires collections based on a three-year rolling average for the collection amounts of:

- (1) \$50.0 million (October 1992 price levels) from all six revenue sources and one contribution source.
- (2) \$30.0 million (October 1992 price levels) from mitigation and restoration charges (one of the six revenue sources).

The \$50.0 million three-year rolling average requirement has not been met as collections have not materialized over the years as envisioned from all sources. As a consequence, Reclamation has always maximized the \$30.0 million three-year rolling average requirement. However, the three-year rolling average has resulted in peaks and valleys in the CVPRF collections. This has caused the Reclamation budget to also have peaks and valleys. Under the current CR, the CVPRF is about \$15 million below the President's Budget request for FY 2011.

As an example of how the rolling average works, the effect on collections and budget for FY 2012 resulted in an increased amount due to the cycle. In order to meet the indexed \$30.0 million requirement on a three-year rolling average, the FY 2012 amount had to be \$52.8 million because the FY 2011 estimate and FY 2010 actual amounts were \$49.6 million and \$36.8 million, respectively.

The collections into the CVPRF are used for the activities/projects specified in the CVPIA. The collections will offset water and power obligations for the activities/projects. The entire amount of the increase in the 2011 Budget request from 2011 to 2012 is fully supported and offset by an increase in discretionary collections.

## ESA ACTIVITIES

*Question 55.* What significant ESA issues does Reclamation expect to encounter in FY 2011 and FY 2012? Are there any situations where contract water deliveries are at risk because of restrictions that might be imposed because of the ESA? With respect to funding for the San Juan and Upper Colorado River Recovery Programs, are Reclamation's recovery efforts impacted by the lack of authority to utilize basin fund revenues for capital projects?

*Answer.* The Upper Colorado and San Juan Recovery Programs (Programs) are not impacted by lack of authority to use Colorado River Storage Project (CRSP) hydropower revenues for Capital Projects but they will be impacted by lack of authority to use this funding source to support Base Funding activities after FY 2011. The Programs each have two separate and distinct funding authorizations under P.L. 106-392. One for Capital Projects and one for Base Funding, as follows:

- Capital Projects consist of facilities and interests in land and water required to recover the listed fish species. Examples include fish passages, fish screens, fish hatcheries, lands adjacent to rivers considered to important habit requiring protection and restoration, reservoir storage space, etc. P.L. 106-392, as amended, provided a cost sharing formula for constructing and acquiring Capital Projects. These costs were allocated between the States of Colorado, New Mexico, Utah and Wyoming, CRSP hydropower revenues, and appropriated funds from Reclamation. The legislative cost sharing requirements assigned to the States and CRSP hydropower revenues for Capital Projects have been met, so Capital Projects now are entirely funded with appropriated funds from Reclamation.
- Base funding is used to support Program activities including management, research, non-native fish control, monitoring, and operations and maintenance (O&M) of Capital Projects. CRSP hydropower revenues, as authorized by P.L. 106-392, provide the majority of the funds to support these activities along with contributions from the States of Colorado, New Mexico, Utah and Wyoming and FWS appropriations. P.L. 106-392 authorized the use of \$6 million (indexed) of CRSP hydropower revenues through FY 2011. After FY 2011 the use of CRSP hydropower revenues is limited to monitoring and O&M of Capital Projects. This will result in a reduction in funding of approximately \$3 million annually after FY 2011 unless additional legislative authority is obtained. Failure to obtain this authority could result in loss of ESA compliance for 2,162 federal, tribal and non-federal water projects depleting over 3.7 million acre-feet annually.

## COOPERATIVE LANDSCAPE CONSERVATION INITIATIVE

*Question 56.* What will Reclamation's responsibilities include in connection with being the lead agency for the Desert and Southern Rockies LCCs? How will Reclamation's actions differ for those LCC projects as opposed to the other LCCs?

*Answer.* Reclamation is co-leading the establishment of the Desert and Southern Rockies Landscape Conservation Cooperatives (LCCs) with the FWS. As co-leads, Reclamation and FWS are leading the effort to form a permanent steering committee for each LCC by engaging partners through outreach and scoping activities. Reclamation has committed resources to this effort, funding a facilitator to support outreach efforts, and reimbursing states and tribes for travel expenses. Reclamation is also participating in Department-wide working groups to develop guidance for a national network of LCCs. Beginning in 2011, Reclamation will provide funding through competitive funding opportunities for research and applied science tools within the Desert and Southern Rockies LCCs, contingent on the availability of appropriations. Reclamation is also hiring a full-time, permanent Science Coordinator for the Southern Rockies LCC and an LCC Coordinator for the Desert LCC. Going forward, Reclamation will continue to participate in Department workgroup efforts related to the LCCs and will help lead the Desert and Southern Rockies LCCs by participating on each of the steering committees. As a water management agency, Reclamation will bring an emphasis on water resources to the Desert and Southern Rockies LCCs, in addition to fish and wildlife resources emphasized in other LCCs. Reclamation has actively engaged state and tribal water resources agencies in our outreach efforts. Reclamation has initial support, through these outreach efforts, for the development of a subcommittee focused on water resources that will include participants in the Desert and Southern Rockies LCCs, focusing on the Colorado and Rio Grande River basins. Additionally, Reclamation will share information and work products related to water resources with LCC partners. For example, Reclamation is conducting water resources vulnerability assessments through our Basin Study Program and will share information resulting from these studies with our LCC partners.

*Question 57.* In connection with the Department's efforts to engage young people in its America's Great Outdoors initiative, are there any youth initiatives underway at Reclamation that are designed to encourage young people to continue agricultural traditions for future generations? Are there efforts underway to instruct or educate young people regarding conservation techniques or water management best practices? Is any additional authority needed for Reclamation to be able to enter into cooperative agreements with, or provide grants to, youth programs designed to encourage young people to continue agricultural traditions? What have Reclamation's efforts to engage young people in the American's Great Outdoors activities included?

*Answer.* To support the President's America's Great Outdoors initiative's recommendations about engaging youth, Reclamation is participating in the Secretarial Youth in the Great Outdoors initiative by enhancing public and private partnerships to expand employment opportunities for youth on our public lands. This is a critical step toward building the next generation of conservation leaders and environmental stewards. In the past year, Reclamation has been engaged with the Corps Network, the Student Conservation Association, and other federal partners to develop opportunities for expanding youth employment on public lands.

In support of the Secretary's Youth in the Great Outdoors Initiative, Reclamation competitively selected and awarded two five-year Master Cooperative Agreements with The Corps Network and the Student Conservation Association. Task agreements awarded against these Master Cooperative Agreements fund specific conservation activities and internships in support of the initiative. No additional statutory authority is needed for these initiatives. In general, activities funded by these agreements include on-the-ground conservation projects involving youth in cooperative efforts in cultural and natural resource conservation and internships with youth to promote understanding and appreciation of natural and cultural resources. To date, eight task agreements have been issued for a total estimated amount of \$1.0 million.

*Question 58.* With respect to Reclamation's procedures for title transfers, are there standard procedures for title transfer that are consistent for all area offices and are those procedures available to the public and districts who may be interested in going forward with the procedures. Would additional authority regarding title transfer be helpful in making the title transfer process more efficient?

*Answer.* Reclamation has a set of standard procedures and processes for title transfers that are consistent for all area offices. That process and the criteria that all Reclamation offices follow are articulated in the Framework for the Transfer of Title—Bureau of Reclamation Projects that was originally developed in 1995, and was updated and revised in 2004. This is available to districts and the public who are interested in the process. Since each project is unique—with its own specific legislative authorities, stakeholders and issues—Reclamation has learned that while the steps are all consistent, the structure of the title transfer agreement must be tailored to meet the unique circumstances and needs of the Project.

*Question 59.* Does Reclamation have an estimate of the number of non-federal jobs created or sustained on an annual basis as a result of its various activities? How will those jobs be impacted by decreases in Reclamation's budget?

*Answer.* The Department of the Interior Economic Impact Report presents bureau impacts on major economic sectors. The most recent report published in December 2009 indicates Interior supported a total of 78,928 domestic jobs. This number represents additional jobs beyond Departmental employees. Of that number, Reclamation supported 6,189 jobs. Since the FY 2011 and FY 2012 appropriations are not final, we do not know how many non-federal jobs will ultimately be impacted by those budgets.

*Question 60.* How will the Department ensure that its activities at the Climate Science Centers, Landscape Conservation Cooperatives and through the Cooperative Watershed Management program will complement each other and any other ongoing efforts within the department and not be duplicative of each other?

*Answer.* Reclamation is coordinating activities including the Climate Science Centers, Landscape Conservation Cooperatives and Cooperative Watershed Management Program in many ways to ensure that programs are complementary and not duplicative. As identified in Secretarial Order 3297 which established the WaterSMART Program, coordination within the Department of the Interior and externally is necessary to promote sustainable water strategies. Reclamation is coordinating each of these WaterSMART activities through the Department of the Interior's WaterSMART Task Force, the Task Force on Energy and Climate Change, the Climate Change Working Group, and the Department's Climate Change Response Council. Reclamation is also working within the framework established by the WaterSMART Strategic Implementation Plan, including sharing information through the WaterSMART Clearinghouse to bring all stakeholders together to iden-

tify best practices in water conservation, incentives, and the most cost-effective technologies. Consistent with the Department's implementation of Secretarial Order 3289, establishing the Landscape Conservation Cooperatives (LCCs) and Climate Science Centers (CSCs), Reclamation is ensuring that one of the primary functions of the LCCs is coordination and prevention of duplication. This is being accomplished for the LCCs by creating a forum and structure for federal, state, tribal, and local governments as well as non-governmental organizations to collaborate and share information on climate change and resource management at landscape scales. Reclamation is hiring a coordinator for this purpose and is also working with the Department on the sharing of data and information across the national network of LCCs and CSCs.

*Question 61.* What is the status of the Department's and/or the Bureau of Reclamation's review of the potential impacts of climate change on hydropower generation?

Answer. Reclamation has begun to evaluate the impacts on hydropower from climate change. Reclamation is coordinating with the Department of Energy and the Federal Power Marketing Administrations with respect to activities authorized in the SECURE Water Act within Sections 9503 and 9505. As authorized by Section 9503 of the SECURE Water Act Reclamation will be evaluating the impacts of climate change on water supplies in the west. Under section 9505, DOE is assessing the impacts of climate change to federal hydropower generation.

Reclamation is coordinating with the Department of Energy and the Federal Power Marketing Administration with respect to activities authorized in the SECURE Water Act in Section 9505, authorizing the completion of a hydroelectric power assessment. Additionally, as authorized by Section 9503 of the SECURE Water Act, Reclamation will be evaluating the impacts of climate change on hydropower generation at Reclamation facilities through the Basin Study Program, to be reported in future SECURE Water Act reports to Congress.

*Question 62.* With respect to implementation of the SECURE Water Act, authorized in P.L. 111-11, when does the Department anticipate that the requested reports will be completed?

Answer. In accordance with Section 9503(c) of the SECURE Water Act, Reclamation expects to complete the first report required under this section in the spring of 2011.

*Question 63.* In connection with the Department's New Energy Frontier initiative, what efforts are being undertaken to evaluate the energy/water nexus? How are the effects of energy production on water supplies being evaluated? How are the constraints on energy production associated with insufficient water supplies being addressed?

Answer. As stated in the answer to question 9, Reclamation currently generates over 40 million MWh's per year of clean renewable energy through its existing hydropower fleet, and Reclamation is consistently evaluating opportunities for increasing generation at these facilities through generator rewinds, more efficient turbines and optimization programs. Reclamation is also exploring ways to encourage non-federal development of sustainable hydropower development at existing facilities through its "Hydropower Resource Assessment at Existing Reclamation Facilities" report and tool. Reclamation is also working with the Department of Energy on funding advanced hydropower system testing projects on new low-head hydropower technologies that are designed to bring down the costs of development for previously marginal hydropower sites. This Funding Opportunity Announcement will be released by DOE and designed to be implemented at a Reclamation site.

In addition, Reclamation prioritizes WaterSMART Grant applications that describe the nexus between proposed water conservation projects and any expected reductions in energy demands. In Fiscal Year 2010, Reclamation awarded 37 WaterSMART water and energy efficiency grants for amounts as high as \$1 million, including several proposals that achieved water efficiency improvements and energy savings. Applicants are encouraged to describe and quantify expected energy savings, such as reduced pumping needs, which are assessed as part of the review and ranking of applications.

Also as stated above, under the SECURE Water Act, Section 9505, Reclamation will identify the constraints on hydropower production due to insufficient water supplies. To begin addressing those constraints, Reclamation, in partnership with the PMA's and our federal power customers, are installing more efficient turbines on our hydrogenerating units, working with irrigation customers to install more efficient pumps and finding other ways to save energy at its facilities.

*Question 64.* The Department is a party of the Memorandum of Agreement with the Department of Energy and the Corps of Engineers relating to hydropower resources and seems to be making progress toward evaluation of the potential for de-

velopment of additional resources. Why isn't an increase in developing hydropower resources included in the Department's Renewable Energy Goal? How much additional hydropower capability do you anticipate could be developed at BOR facilities?

Answer. Reclamation is identifying opportunities for non-federal renewable energy development at its facilities. While we encourage these entities to pursue projects where renewable development makes sense, the completion of these projects is largely out of our control. We estimate that approximately 200 MW of hydropower capacity could be economically viable to develop on Reclamation's existing infrastructure through the reconnaissance level Resource Assessment mentioned above, but site specific feasibility analyses will need to be performed by the potential developer of the site to determine if they want to pursue construction of the site.

Additionally, Reclamation is pursuing opportunities for increasing generation at these facilities through generator rewinds, more efficient turbines and optimization programs. Most of these improvements will not include capacity gains, but will instead improve the efficiencies of the plants and result in increased generation. The Renewable Energy Goal is a capacity goal.

#### RESPONSES OF HON. KEN SALAZAR TO QUESTIONS FROM SENATOR WYDEN

##### COUNTY PAYMENTS

*Question 65.* In this budget request, there is no funding for the county payments program in the Bureau of Land Management (BLM) budget. Under the existing county payments program, the BLM makes payments to Oregon's O&C counties. That obligation arises from the O&C lands that BLM administers and for which a timber receipt sharing obligation exists under the law that established these lands. My staff has been told that the BLM's role in providing county payments to the O&C counties has been handed over to the Forest Service, who also appears to be solely funding the program from its discretionary budget. I still have not received details from the Administration on how much funding in the proposed 5 year reauthorization will be used for the BLM payments and how such a determination will be made. Can you provide me the amounts, under the Administration's proposal, of the county payments program funding will be provided to cover payments to the O&C counties for each of the five years of the proposal and explain how the allocation of funding for Forest Service and BLM lands will be made?

Answer. Previously, the program has recently been funded through mandatory appropriations. The 2012 Budget proposes a five-year reauthorization with funding through discretionary appropriations with \$328 million in proposed funding for FY 2012 in the FS portion of the Budget. The Administration is open to working with Congress to fund the program through either discretionary or mandatory appropriations. These funds will be used to pay states and counties on behalf of the U.S. Forest Service (USFS) and the BLM. A legislative proposal is being developed and more details will be provided at that time. For counties choosing not to receive payments under the reauthorization proposal, the payments would revert back to payments under the 1937 Oregon and California Lands Act and subsequent legislation, or, in the case of Coos and Douglas Counties, to the payments authorized by the 1939 statute.

*Question 66.* Will the Interior Department be providing funding to cover its portion of the county payments program and, if not, why not given the historic obligation that belongs to the BLM for lands that it manages?

Answer. Section 601 of P.L. 110-343, the Secure Rural Schools and Community Self-Determination Program, authorized an extension and ramping down of payments to the counties through fiscal year 2011. The final, mandatory payments by Sec. 601 were previously authorized. Final Secure Rural Schools program payments will be made in October 2011. Upon expiration of PL 110-343, the BLM's authority to make payments for FY 2012 to the O&C grant lands and CBWR counties is limited to the Oregon and California Grant Lands Act of 1937 and the Act of May 24, 1939. As noted in the previous answer, the Budget proposes a five-year reauthorization with funding through discretionary appropriations with \$328 million in proposed funding for FY 2012 in the FS portion of the Budget.

##### GOLDEN EAGLES AND WIND TURBINES

*Question 67.* The Fish and Wildlife Service has been raising objections to a number of wind projects in Oregon because they are concerned about conflicts with Golden Eagles and other threatened bird populations. Many of requirements that the Fish and Wildlife Service have proposed to protect the Eagles are simply not practical—like not operating turbines during migration periods. The Department recently proposed some additional guidance for siting new projects which moves in the

right direction, but there some requirements that could block a number of projects, like having three years worth of wildlife impacts before a permit could be granted. In Oregon, there are projects that are ready for construction. Starting over in order to collect years' worth of data may save the eagles, but it's going to kill off a lot of clean energy projects. Can I have your assurance that you will continue to work with the wind industry to try to resolve these issues so that the eagles are protected, but that projects in the development pipeline don't get canceled?

Answer. Renewable energy is a key part of keeping America competitive, creating jobs, and winning the future for our children. At the Department of the Interior, we have a responsibility to ensure that solar, wind and geothermal projects are built in the right way and in the right places so they protect our natural, cultural and wildlife resources. The FWS developed the draft Eagle Conservation Plan Guidance to assist wind energy developers to comply with the Bald and Golden Eagle Protection Act and the regulations implementing it. The FWS encourages wind developers to use the draft guidance as they prepare eagle conservation plans. The FWS developed the draft Wind Energy Guidelines based on recommendations from a federally-chartered advisory committee which included representatives of the wind industry, states, and environmental organizations. We are currently soliciting public comment on both draft documents. As currently drafted, both of these documents are guidance and neither represent mandatory regulations. We look forward to continue working with the renewable energy industry and all stakeholders so that the final guidance represents the best path forward.

#### BLM WESTERN OREGON PILOT PROJECTS

*Question 68.* I appreciate the leadership that you personally have taken in helping push forward pilot projects on the BLM forestlands in western Oregon. I also appreciate the funding provided in the budget to advance these projects and pursue additional timber sales in FY 2012. As you know, the pilot projects are critical to finding a way to move forward with meaningful, sustainable timber management in Oregon's BLM forests. I'm anxious that the projects tackle some of the barriers the agency faces in implementing a long term sustainable management plan. Can we count on your continued support to ensure this process stays on track and that decisive action will be taken to address the lessons learned so that a long term sustainable timber management strategy can be implemented?

Answer. I share your interest in finding ways to address the sustainability of forest management and the economic issues facing the region and to help bolster public involvement and support of these efforts. To that end, The BLM is committed to facilitating the Oregon pilot projects. The Department of the Interior/BLM pilots will serve two purposes: 1) demonstrate the principles of ecological restoration and evaluate the economic merits of the restoration strategy outlined by Drs. Norm Johnson and Jerry Franklin in moist and dry forests; 2) serve as a continuing source of information to help the BLM identify challenges and barriers to implementation and modify management strategies in the future. The pilots are intended to help inform public dialogue on development of future management policy for BLM-managed forest in western Oregon. The BLM's intent is to be as transparent as possible with the public regarding our selection and evaluation process. The BLM will provide the public with opportunities to participate in several meetings, workshops and field visits, as well as comment on the environmental analysis for each pilot. In addition, while using a collaborative process to achieve public involvement is encouraged, testing a collaborative process is not the purpose of the pilots. While there may not be unanimously shared perspectives of the pilots, the BLM is hopeful that there will be substantial agreement.

#### BLM WESTERN OREGON TIMBER SALES

*Question 69.* The agency offered over 230 million board feet of timber in its Western Oregon program in FY10. I am hearing that the sales program may be lower in FY11—possibly around 186 million board feet. Is this true and what can you do to ensure the BLM's regular program of work, outside of the pilot projects, is delivering needed sawlogs to an industry that's desperate for them this fiscal year?

Answer. The BLM in western Oregon plans to offer for sale approximately 190 million board feet of timber in FY2011. We also expect to offer up to 12 million board feet of reoffer volume from cancelled timber sale contracts where standing timber remains within the original contract area. The volume to be offered from the pilot projects is part of the 190 million board foot target. In 2012, BLM expects to offer almost 194 million board feet. The FY2012 budget proposes a program increase of \$3.0 million in the Oregon and California Grant Lands account. Of that amount, \$1.0 million will be used to increase the volume of timber offered for sale; support

key resource management planning objectives; increase surveying for rare, uncommon, or endangered species; provide for landscape-level timber sale project environmental analysis; and facilitate joint development and implementation of a revised recovery plan for the northern spotted owl. An increase of \$2.0 million will be used to prepare draft resource management plans in support of the Secretary's western Oregon strategy.

## SODA ASH

*Question 70.* As chairman of the Trade Subcommittee on the Finance Committee, I am keenly aware of the challenge that American businesses face in competing with foreign competitors who try to stack the deck. A few years ago, the soda ash industry faced intense competition of China which manufactures a synthetic substitute and Congress enacted legislation to reduce the royalty rate for soda ash mined on Federal lands to help our domestic industry compete. That statutory reduction ends in October and your Department is supposed to be preparing a study of the costs and benefits of the royalty reduction on preserving American jobs. Assessing trade competition is not something your Department normally does, but there are hundreds of jobs in Oregon and Wyoming and California that depend on this industry. Can I have your assurance that the Department will give us a thorough assessment of the international competition that this industry faces and work with Committee on considering an extension of the current law on royalties?

*Answer.* The Soda Ash Royalty Reduction Act of 2006 provided for a reduction in the soda ash royalty rate to two percent for a period of five years beginning on the date of enactment of the Act, and requires that the Secretary prepare and submit a report to Congress by October 11, 2011, on the effects of the rate reduction, including information on several specifically delineated issues. The Department is in the process of preparing the report.

## RESPONSES OF HON. KEN SALAZAR TO QUESTIONS FROM SENATOR CANTWELL

## LAND AND WATER CONSERVATION FUND (LWCF)—MOUNT RAINIER

*Question 71.* Mr. Secretary, I'm pleased to see the commitment to full funding of the Land and Water Conservation Fund in the Budget Request. It's been my experience that in addition to protecting land for conservation and recreation, LWCF acquisitions can result in management savings. Mount Rainier National Park is a prime example. The Park is in the process of completing acquisitions within an expansion area in the northwest corner of the park. These acquisitions will allow the Park Service to relocate a road, campground, and other visitor facilities in order to avoid frequent excessive management and repair costs due to recurring floods. Such a flood in 1996 resulted in a cost of \$750,000 just to repair the road. Portions of the road were destroyed again in 2006 and 2008. Wouldn't you agree that land acquisition can have multiple benefits, including management savings, and do not necessarily result in increased management costs for the Department's land management agencies?

*Answer.* Yes, acquiring lands for federal protection can have many benefits. In the example of the northwest corner of Mount Rainier National Park, the acquisition of additional park land has enabled the NPS to stop making costly repairs to a road that repeatedly floods yet continue to serve the visiting public by providing camping and recreation activities in that portion of the park. Acquiring land does not necessarily result in increased management costs, particularly in cases where purchasing inholdings enables land management agencies to consolidate holdings and achieve management efficiencies.

## LWCF—OLYMPIC NATIONAL PARK.

*Question 72.* Full funding would ensure that the full amount available from offshore drilling receipts be used for high-priority land acquisition projects, as Congress intended when it established the program. I'm particularly pleased to see FY12 funding proposed for two National Park Service units including Olympic National Park. In 2009, more than 3.2 million people visited the park, spending more than \$113 million and creating more than 1,500 private-sector jobs. I appreciate you understand the importance of land acquisition for investing these places that don't just protect our national heritage, but drive substantial economic activity. The president's request for Olympic National Park this year is for a \$3.5 million project that would protect the water quality of a fish-bearing tributary stream to Lake Quinault. Can you tell me what the threat is to this land parcel or others like it in the president's budget? And why during a time when we are seeking to identify cost savings, we should invest in land acquisition?

Answer. As with many parcels of land within the boundaries of national parks, acquiring the identified property within Olympic National Park is needed to protect park resources, in this case water quality, from the impacts of development. We recognize that there are many competing priorities for limited budget dollars. However, full funding of the LWCF in 2012 will increase the Federal Government's ability to engage in strategic conservation that yields measurable ecological outcomes and community benefits. Federal land acquisition of identified lands address the most urgent needs for recreation; species and habitat conservation; and, the preservation of landscapes, and historic and cultural resources. Such acquisition may also assist the government to achieve greater efficiencies that resolve management issues. Additionally, this investment will have a significant economic impact. It is estimated that the Department's \$675 million portion of the \$900 million LWCF request will contribute an estimated \$1.0 billion in economic output and support about 7,600 jobs.

RESPONSE OF HON. KEN SALAZAR TO QUESTION FROM SENATOR MARK UDALL

*Question 73.* President Obama has committed this nation to double the amount of clean electricity on the grid over the next 25 years. You highlighted the support for renewable energy development on public lands in the FY2012 budget for the Interior Department. Wind energy will undoubtedly be one of these renewable energy sources. I am hearing from a broad spectrum of wind farm developers and turbine manufacturers that the guidelines released last week by Department of the Interior for species protection from wind farms, which the US Fish and Wildlife Service played a key role in drafting, could halt the development of tens of thousands of megawatts of wind energy development in the U.S. These parties also tell me there are more efficient ways to protect the golden eagle and other species without significantly slowing the development of the American wind industry. Please provide me with your views on this and how we can promote renewable energy while protecting wildlife and our natural resources.

Answer. Renewable energy is a key part of keeping America competitive, creating jobs, and winning the future for our children. At the Department of the Interior, we have a responsibility to ensure that solar, wind and geothermal projects are built in the right way and in the right places so they protect our natural, cultural and wildlife resources. The FWS developed the draft Eagle Conservation Plan Guidance to assist wind energy developers to comply with the Bald and Golden Eagle Protection Act and the regulations implementing it. The FWS encourages wind developers to use the draft guidance as they prepare eagle conservation plans. The FWS developed the draft Wind Energy Guidelines based on recommendations from a federally-chartered advisory committee which included representatives of the wind industry, states, and environmental organizations. We are currently soliciting public comment on both draft documents. As currently drafted, both of these documents are guidance and neither represent mandatory regulations. We look forward to continue working with the renewable energy industry and all stakeholders so that the final guidance represents the best path forward.

RESPONSE OF HON. KEN SALAZAR TO QUESTIONS FROM SENATOR SHAHEEN

*Question 74.* Mr. Secretary, you have placed a high priority on landscape scale conservation projects in your FY 2012 budget, including the focus on the Connecticut River and the North Woods of New Hampshire, Vermont, Maine and New York. This is to be commended. You may recall that I encouraged your consideration of these very areas during your preparation of the FY 2012 budget. I am pleased that your budget places a high priority on the Silvio O. Conte NWR, which includes the watershed of the Connecticut River. But I am perplexed as to why you do not similarly prioritize and provide adequate funding for an ongoing project within the North Woods focal area at Umbagog NWR. I am referring to the Androscoggin Headwaters project which, at over 31,000 acres, is the largest unprotected ownership in the entire state. This 5-phase project will acquire conservation easements and fee ownership by both the State of New Hampshire and the US Fish and Wildlife Service. It is a collaborative project of local, state, federal and non-governmental partners working with a cooperative landowner to protect some of the best wildlife habitat and productive timberland in the Northern Forest. This project certainly meets your landscape criteria: There is a shared investment in this project among multiple stakeholders; the project complements other federal, state, local and privately protected land; there is significant local and regional community buy-in and economic benefit; and the natural resource, wildlife protection and recreational values are outstanding.



*Question 75.* Unfortunately, in your FY 12 budget, the project did not receive the funding it needs to complete the project in a timely way. Specifically, the Umbagog NWR was allocated only \$1.5 million in LWCF funds—much less than the \$3.7 million needed this year. You have previously supported this project, as evidenced by a \$2 million request in your FY 2011 budget and an allocation of \$1 million from the Migratory Bird Conservation Fund approved in September. The USDA Forest Legacy Program has proposed \$9.1 million for its share of the project in FY 2011 and FY 2012, and the State of New Hampshire and private funders are committing \$4 million to the effort. While I appreciate that you have included a portion of the needed FY12 funding in your budget for this critical project, the collaborative effort here is truly in jeopardy without \$3.7 million from USFWS this year.

*Question 76.* Especially in light of the new emphasis state/federal/private partnerships as highlighted in the America's Great Outdoors Report and the emphasis on landscape scale projects, can you explain this shortfall in LWCF funds for Umbagog National Wildlife Refuge for the Androscoggin Headwaters project? Can you assure me that the US Fish and Wildlife Service will identify additional funds to ensure that the Androscoggin Headwaters project will be completed in a timely way, including the allocation of the remaining \$2.2 million needed to secure Phase I in FY 11, and an additional \$3.7 million in FY 2012?

Answer. For FY 2011, the FWS requested \$2 million for the Androscoggin Headwaters project. For 2012, the FWS requested \$1.5 million for the Androscoggin Headwaters project.

Also, in September 2010, the Migratory Bird Conservation Commission approved expenditure of \$1 million for the Androscoggin Headwaters project and the Trust for Public Land is also contributing funds for this project.

Protecting the Connecticut River and other Northern Forest resources remains a priority for the FWS and the Department. The use of Migratory Bird Conservation Commission program remains a possible source of funding, and, as in previous years, the Androscoggin Headwaters project will be rated using appropriate criteria.

#### RESPONSES OF HON. KEN SALAZAR TO QUESTIONS FROM SENATOR FRANKEN

*Question 77.* I'm glad to see that the administration is taking the oil spill commission's recommendations seriously. One of the most troubling revelations in its report was that some oil well operators would—quote—"shop around"—for someone within the Interior Department who would eventually approve a permit for the project. In light of the risks deepwater drilling can pose to both people's lives and livelihoods, this is something we've got to get right. What can the department do to prevent this kind of behavior in the future, and what has the department done since the spill?

Answer. This permit shopping tactic was included in the report to Secretary Salazar by the Outer Continental Shelf Safety and Oversight Board in September, 2010. Immediately following receipt of that report and the recommendations included in it, BOEMRE Director Michael Bromwich issued an implementation plan recommending that BOEMRE revise permit review protocols to prevent this type of activity.

*Question 78.* The oil spill commission also recommended that the Interior Department adopt a "safety case" for dealing with offshore drilling. Basically, they mean that the burden should be on the oil company to prove that its operations are safe. This is how oil companies operate in the UK and in Norway. I'm glad that you're moving the Interior Department in that direction as well. According to the oil spill commission report, the department has been considering putting the burden of proof on the oil companies for twenty years. Why hasn't it happened until now?

Answer. The National Commission's report provides detail on the history of this effort over the 20 or more years that it has been the subject of consideration. In the wake of the Deepwater Horizon tragedy, however, the Department has embarked on substantive and systematic reforms that address the failures seen and the shortcomings identified in the offshore program. A strong and independent agency has been created with the resources, tools and authority it needs to hold offshore operators accountable for offshore oil and gas development.

The Workplace Safety Rule (also known as the Safety and Environmental Management Systems, or SEMS, rule), published by BOEMRE in October 2010, requires offshore operators to have clear programs in place to identify potential hazards, a clear protocol for addressing those hazards, and strong procedures and risk-reduction strategies for all phases of activity, from well design and construction to operation, maintenance, and decommissioning. Reforms like these have raised the bar on industry's safety practices and equipment.

*Question 79.* Ms. Haze, You described a fairly complicated set of criteria that you take into account when prioritizing your budget requests for rural water projects.

Yet three of your six project requests were all for the same amount of money—\$493,000—and another project request was for \$496,000. In years past these numbers were far more differentiated, and the Lewis and Clark project historically enjoyed higher funding levels than the other projects that will now receive equal funding. Are we to conclude from your FY12 request that four of your six projects are of the exact same priority level, even after using such a complex set of criteria?

Answer. The first priority for funding rural water projects is the required operations and maintenance component. The remaining funding for rural water projects is based on an analysis of the following criteria: 1) percent of project complete and 2) on-reservation/off-reservation populations. In the case of the requests for the Lewis & Clark, Ft. Peck/Dry Prairie and Rocky Boy's/North Central Montana rural water projects, these projects received a combined total of \$133.1 million through Reclamation pursuant to the American Recovery and Reinvestment Act (ARRA) during 2009 and 2010. These ARRA funds are now 99 percent obligated, but still not fully expended. The amounts requested in FY 2012 will allow a minimal level of administrative business for the project to continue during this process; no design or construction funds are requested in FY 2012.

RESPONSES OF HON. KEN SALAZAR TO QUESTIONS FROM SENATOR MURKOWSKI

OIL AND GAS

*Domestic Production*

*Question 80.* According to the EIA, domestic offshore oil production will fall 13 percent in 2011, a loss of about 220,000 barrels a day, mainly due to the fact that no new exploration has happened in the Gulf since last April. The interim rule stated that there was sufficient spare capacity in OPEC to cover this gap, which gave us great comfort, but now Saudi Arabia is already having to increase its production to replace the production that's gone offline in Libya. How do you propose that the United States make up this loss in production in 2011 and beyond? What role does Alaska play?

Answer. As discussed at the hearing, the Department's oil and gas program is continuing in a robust way. Even taking into account the Deepwater Horizon explosion and resulting oil spill, oil production from federal waters in the Gulf of Mexico continued steady at around 50 million barrels per month from October 2009 to October 2010. Onshore, oil production has increased 5 percent over the last year, from 109 million barrels in 2009 to 114 million barrels in 2010. Total domestic natural gas production in 2010 was 26.9 trillion cubic feet, a 5 percent increase from 2008 and the highest level in more than 30 years. The Administration has offered, and will continue to offer, millions of acres of public land and federal waters for oil and gas exploration and production.

Onshore, approximately 41 million acres of public lands are now under lease for oil and gas development, of which 12 million acres are producing. The BLM held 29 oil and gas lease sales for public lands in the West last year, offering 1,643 parcels covering 3.2 million acres, and is scheduled to hold 36 sales this year. The BLM issued approximately 5,200 Applications for Permits to Drill last year, and expects to issue about 7,000 permits this year. In Alaska, land use planning efforts are underway for the National Petroleum Reserve-Alaska (NPR-A) and the Eastern Interior planning area. According to the USGS's updated assessment, the 23 million-acre NPR-A contains 896 million barrels of technically-recoverable oil and 52.8 trillion cubic feet of natural gas. BLM held a lease sale in Northeast NPR-A and selected portions of Northwest NPR-A in August 2010. The total acreage currently leased in the NPR-A is 2.16 million acres.

Offshore, BOEMRE offered 40 million acres in the Central Gulf of Mexico for oil and gas leasing last year, receiving \$950 million in high bids for 2.4 million acres. A total of 38 million acres of the OCS are under active lease, of which 6.5 million acres are producing. Since the Deepwater Horizon spill and the implementation of stronger safety standards, BOEMRE has approved 39 shallow water permits in the Gulf of Mexico. BOEMRE also recently issued its sixth deepwater permit since the new standards, including the new requirement that operators demonstrate the ability to contain a deepwater blowout, and approved the first new deepwater exploration plan since the Deepwater Horizon explosion and resulting oil spill. BOEMRE has also issued 22 permits for deepwater wells that were allowed under the temporary moratorium. An updated list of well types, pending and approved permits, and information on new safety regulations, is available online at: [http://www.gomr.boemre.gov/homepg/offshore/safety/well\\_permits.html](http://www.gomr.boemre.gov/homepg/offshore/safety/well_permits.html).

Last March the Department issued its strategy for offshore development for 2012-2017, and offshore drilling in Alaska is under careful review. OCS lease sales in the

Beaufort and Chukchi Seas, as well as the Cook Inlet planning area, will be scoped for the EIS for the proposed 2012-2017 OCS Program. The Department's efforts relating to offshore development in the Arctic include scientific and environmental studies, public meetings, government-to-government meetings, and expanded analysis of oil spill response capabilities in the Arctic. Decisions about the proposed 2012-2017 program will be informed by an ongoing USGS assessment of resources, risks, and environmental sensitivities in Arctic areas, and input from other federal agencies, including NOAA.

The Department's proposed budget will allow for improved enforcement of safety standards, improvements in critical functions such as permitting and research, as well as inspections and oversight. We have undertaken needed reforms to make oil and gas development safer and are working to ensure the public receives a fair return from the development of their resources.

#### *Non-Producing Leases*

*Question 81.* Let's clarify some points on fees on "non-producing leases." This issue relates to both onshore and offshore development. Does the Department favor penalizing leaseholders for non-producing on leases where they are waiting for the federal government to permit their proposed development? Does the Department favor assessing penalties for any of the non-producing leases in the National Petroleum Reserve, even though the EPA continues to block even the first ever production in those oilfields?

Answer. The final details of the legislative proposal have not yet been finalized, and these and other issues are being considered during this review. However, as discussed at the hearing, the intention of the proposal is to provide a financial incentive to diligently develop oil and gas leases, not to punish lessees.

#### *Pace of Permitting*

*Question 82.* The budget calls for raising inspection fees for offshore oil and gas exploration and raising fees on any "non-producing" leases, this is of course in addition to the hike in royalty percentages which you levied last Congress. At the same time, Mr. Bromwich has stated publicly that the pace of permitting in the Gulf of Mexico will "probably never" return to its pre-Macondo speed. In other words, the budget asks consumers to deal with higher costs being passed along to them while expecting a lower level of service in return, a bit like raising metro fares and reducing the number of trains.

a. Does Interior not have confidence that the new inspection regime—which is supposed to be much greater in both number and abilities—cannot get our offshore program back on track?

b. Can Interior at least state as a \*goal\* that we should be trying to restore and even improve the speed of the regulatory process? If there are enough permit writers and inspectors to do their jobs and ensure safety, what is the problem with resuming speed?

Answer. The budget changes will increase the return to the public on their resources; have industry—rather than taxpayers—pay for more stringent inspection costs, because it's appropriate, and create incentives for lessees to develop oil and gas resources or turn their leases over to someone who will develop them in a timely way. The public will benefit from all of these activities. As noted in response to question 80 above, the Administration has not only made historic strides in improving the regulatory process but is continuing to process permits and offer lands for development. BOEMRE continues to review and approve applications that demonstrate the ability to operate safely in deep water. The rate of deepwater permit applications is increasing, which reflects industry's growing confidence that it understands and can comply with the applicable requirements, including the containment requirement. BOEMRE expects additional permit approvals in the near future. However, the need for additional resources to support this function is widely recognized and supported by industry. With the resources requested in the FY 2012 budget, BOEMRE will be able to hire additional personnel to provide for a thorough and timely review of permitting requests.

*Question 83.* Let's clarify some points on fees on "non-producing leases." This issue relates to both onshore and offshore development: Let's say company A owns two leases right next to one another, over the same reservoir of hydrocarbons. It's drilling on one lease and doing nothing with the other. Company A obviously doesn't need two rigs right next to each other because it will eventually produce the entire reservoir from one. But the budget states that the non-production penalty on the adjacent lease is to either make Company A drill that acreage as well, or to force

Company A to surrender its lease so Company B can come in and produce the same reservoir—which then will be developed twice as quickly.

- a. Is this a plausible scenario?
- b. How does this scenario result in or incentivize new exploration or discoveries that would not have otherwise taken place?
- c. What function do fees on non-producing leases serve which annual rentals do not serve?

Answer. While the final details of the legislative proposal have not yet been finalized, it is contemplated that the proposal will take into account all relevant Departmental policies, including unitization and communitization of leases. In this hypothetical scenario, it would be in the interest of Company A to propose unitizing the area to both solve this problem and promote the efficient development of the reservoir. The ultimate intention of the proposal is to ensure that the public interest is served by timely development of the public's oil and gas resources. Regarding rental fees, a producer is obligated to pay rent up until the lease produces paying quantities of oil or gas.

*Question 84.* What rights attach when a company pays for a lease to explore for oil or gas on federal property?

Answer. A federal onshore oil and gas lease grants the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas (except helium) on the lands described in the lease together with the right to build and maintain necessary improvements on the leasehold for the term of the lease, subject to obtaining required permits and approvals. Rights granted are subject to applicable laws, including, but not necessarily limited to: (1) the terms, conditions, and stipulations of the lease, (2) the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and (3) regulations and formal orders later promulgated when not inconsistent with lease rights granted or specific provisions of the lease. However no unfettered right to produce oil and gas attaches upon issuance of the lease. Instead, a lessee obtains the exclusive right to explore for and develop oil and gas from the leased area, subject to obtaining required permits and approvals, and subject to applicable statutes, regulations, and orders.

*Question 85.* The budget contemplates an OCS lease sale in 2011 but many people close to this issue think that litigation from environmental groups over NEPA adequacy will force more delay, and this would be the first year since 1964 where we don't have an offshore lease sale in this country. Are you prepared for this eventuality?

Answer. BOEMRE is conducting environmental analysis with the intent of holding a lease sale this year, and a total of 3 Gulf sales before the current program expires in June 2012. The final Western GOM Sale 218 remains on schedule to be held by the end of 2011 or early 2012. Central GOM Sale 216, which had been scheduled for March 2011, will be consolidated with Central GOM Sale 222; this consolidated sale is currently scheduled for 2012.

*Question 86.* Interior ended the royalty-in-kind program. Has this resulted in a more efficient revenue collection system?

Answer. The termination of the Royalty in Kind program is a part of our commitment to ensuring that royalty collection on behalf of the American people is conducted transparently, accurately, and efficiently. The Department of the Interior should be regulating industry, not participating in their market activities, and the work we have done to successfully end the RIK program only enhances our continued efforts to eliminate the real and perceived conflicts of interest as we fulfill our regulatory oversight and revenue collection responsibilities.

*Question 86a.* Yet Interior's budget demands, as nearly as I can tell, 50 to 100 new employees for the independent revenue management office. And these are presumably skilled auditors so they will come at substantial expense. Why do you need more people when the office is doing only one job now (revenue collections) instead of two (revenue collection plus processing royalty oil)?

Answer. The ONRR's FY 2012 request includes an increase of \$13.5 million in discretionary appropriations from the 2010 Enacted level to transition royalty-in-kind (RIK) activities to royalty-in-value. There is not an increase in employees associated with this funding. The requested increase in discretionary funding will be used to replace the loss of mandatory funding from receipts that were previously available from the RIK program. These funds are no longer available since we have terminated the RIK program.

Separately, the 2012 budget also includes increased funding and staffing to enhance audit, oversight and enforcement activities and ensure the taxpayers receive a fair return for the use of the Nation's resources. ONRR is responsible for the collection of disbursement of revenues from the OCS program and the onshore oil and

gas programs managed by the BLM and the BIA as well as other mineral leasing activities.

*Question 86b.* In any case, revenues will be down due to lost production in the Gulf. Why are more employees necessary to process less revenue?

Answer. The Department has not seen a decline in revenues in the Gulf. Revenue estimates resulting from federal oil and gas activities in the Gulf of Mexico are expected to generate \$5.2 billion in 2012 as compared to collections of \$4.6 billion in 2010. The FY 2012 Budget request for ONRR is \$147.9 million, a \$38.7 million increase over the 2010 enacted level and \$25.8 million over the 2011 CR level. The Administration is requesting funding increases for this program in order to implement long-needed enhancements to audit, oversight and enforcement activities for mineral revenue collection activities, as highlighted by recent reports from the Government Accountability Office (GAO) and DOI's Inspector General (IG).

*Question 87.* Experts are projecting that Gulf of Mexico deepwater oil production will account for 30 percent of total US production and nearly 95 percent of offshore production by 2020. Do you consider that a reasonable target?

Answer. Although the future of deepwater GOM exploration and production remains very promising, BOEMRE does not set targets for production nor make projections of the Gulf's share of total domestic production.

*Question 88.* According to the EIA, domestic offshore oil production will fall 13 percent in 2011, a loss of about 220,000 barrels a day, mainly due to the fact that no new exploration has happened in the Gulf since last April. The interim rule stated that there was sufficient spare capacity in OPEC to cover this gap, which gave us great comfort, but now Saudi Arabia is already having to increase its production to replace the production that's gone offline in Libya. How do you propose that the United States make up this loss in production in 2011 and beyond? What role does Alaska play?

Answer. See the response to Question 80.

*Question 89.* Between 1944 and 1981 the federal government in federally funded oil exploration programs in northern Alaska drilled 137 exploratory wells. So far only 10 of the wells have been properly plugged and abandoned. This is a record that would not be permitted by any private oil and gas firm. While BLM two years ago did mobilize to prevent environmental damage from a failing cap of a well near Teshekpuk Lake, funding for remediation of the remaining 127 "legacy" wells is grossly insufficient. Will the Department commit to an orderly, sufficiently funded program to attempt to complete the proper plugging and abandonment of federal wells inside the National Petroleum Reserve Alaska over a given number of years?

Answer. The Department is committed to an orderly, sufficiently funded program to complete the proper plugging and abandonment of federal wells inside the NPR-A. There are 136 legacy wells within the 23-million-acre NPR-A. In 2004, the BLM completed a three-year inventory and assessment of these 136 legacy wells. The BLM evaluated the wells for threats to human health, safety, and the environment in their existing condition.

Following is a summary of the status of the 136 legacy wells:

- 23 wells (with associated rights and responsibilities) were conveyed to the North Slope Borough through the Barrow Gas Field Act of 1984 or to the Arctic Slope Regional Corporation;
- 39 wells are shallow uncased test holes which pose no threat to human health, safety or the environment;
- 11 wells have been plugged and fully remediated;
- 17 wells are currently in use by USGS in climate change/permafrost studies (all of these wells are properly plugged above the hydrocarbon bearing zones up to the surface casing shoe and pose no risks under current management); and
- 46 wells remain to be remediated

During the last nine years, the Department and the BLM have committed to an orderly and sufficiently funded program. Since 2002, the BLM has plugged and remediated 11 wells in the NPR-A (J.W. Dalton, East Teshekpuk, Atigaru, Drew Point, Simpson Core-26, 27, 30, 30A and 31, and Umiat 2 and 5). In 2005, plugging and pit remediation of the J.W. Dalton well cost \$8.9 million. In 2006, plugging five wells on the Simpson Peninsula cost \$1.8 million. In 2008, plugging and pit remediation of the East Teshekpuk well cost \$12 million. In 2009, plugging and pit remediation of the Atigaru well cost \$14 million. In 2010, plugging and remediating Drew Point, the last remaining coastal erosion high-priority well, cost \$16.8 million.

*Question 90.* If the government does not seriously begin to properly plug these wells—a process that requires adding sufficient downhole cement and plugs to prevent leakage—the casing of these wells likely will deteriorate further making plugging and abandonment far more costly and threatening oil seepage that could affect

water quality in the fragile Arctic environment. Delaying of plugging has already caused several of the wells to be “lost” below the surface due to subsidence and two wells are at the bottom of what have turned into lakes because of snowmelt. Will the Department this year commit to meeting State of Alaska environmental requirements to prevent serious downhole mechanical integrity issues that will increase the longer it takes to properly abandon these federal exploration sites?

Answer. The Department will continue to work with the State of Alaska in developing a strategic approach to systematically plug the 46 legacy wells that remain to be remediated. The 17 USGS climate change/permafrost monitoring wells will be plugged if they are found to pose an environmental risk.

#### AMERICA’S GREAT OUTDOORS AND LAND AND WATER CONSERVATION FUND

*Question 91.* The Land and Water Conservation Fund budget request is for the full funding level of \$900 million, a 100% increase over last year, for land acquisition for each land management agency in DOI. Can you please explain to me why, with such an enormous maintenance backlog, DOI is focusing such a large amount of money on acquiring more federal land?

Answer. We recognize that there are many competing priorities for limited budget dollars. However, the funding proposed for federal land acquisition is part of a strategy that reflects the President’s agenda to protect America’s great outdoors and demonstrates a sustained commitment to a 21st Century conservation agenda. It reflects the strong support for land conservation and additional outdoor recreational opportunities that was voiced at the 51 America’s Great Outdoors listening sessions held last summer. The lands identified for acquisition in the FY 2012 budget request address the most urgent needs for recreation; species and habitat conservation; and the preservation of landscapes, and historic and cultural resources. Such acquisition may also assist the government to achieve greater efficiencies that resolve management issues. In addition, increased federal land acquisition funding would provide more opportunities for landowners, if they wish, to sell their property yet ensure that it will be protected in perpetuity rather than developed in a way that threatens resources in national parks, wildlife refuges, forests, and other public lands. While seeking full funding for the LWCF, the Administration will continue to address the deferred maintenance backlog.

*Question 92.* Can’t DOI use land exchanges to acquire the in holdings of sensitive lands rather than paying to acquire these additional lands?

Answer. The Department considers all possible avenues to address the most urgent needs for recreation; species and habitat conservation; and the preservation of landscapes, and historic and cultural resources. The Department has used land exchanges to acquire needed land in certain situations. However, in many situations, land exchanges are not a viable option, and therefore the Department uses other means to acquire lands from willing sellers.

*Question 93.* Given the budget stresses on the DOI agencies how can you recommend such large increases in land acquisition when your budget proposal makes it clear you are not able to fund the programs you’re currently being asked to deliver to the American Public?

Answer. The FY 2012 budget request ensures that Departmental agencies will be able to maintain their core responsibilities on federal lands while providing for strategic increases to conserve land for current and future generations. The lands identified for acquisition in the FY 2012 budget request address the most urgent needs for recreation; species and habitat conservation; and the preservation of landscapes, and historic and cultural resources. Such acquisition may also assist the government to achieve greater efficiencies that resolve management issues. In addition, increased federal land acquisition funding would provide more opportunities for landowners, if they wish, to sell their property yet ensure that it will be protected in perpetuity rather than developed in a way that threatens resources in national parks, wildlife refuges, forests, and other public lands.

#### WILDERNESS AND INTERNATIONAL BORDER ISSUES

*Question 94.* Given the definition of Wilderness in the Wilderness Act of 1974 that says: “A wilderness, in contrast with those areas where man and his own works dominate the landscape, is hereby recognized as an area where the earth and its community of life are untrammeled by man, . . .” and the impacts being made on border Wilderness Areas, shouldn’t we consider pulling all Wilderness Area boundaries back from the international border to reduce the cost of border patrols as well as the cost of cleaning up the waste that is left by those crossing these areas?

Answer. The Department is committed to the protection of wilderness as provided in the Wilderness Act of 1964. We are also committed to working cooperatively with the Department of Homeland Security (DHS), including the U.S. Customs and Border Protection, to accomplish our respective missions on federal lands near the border. We believe that the Memorandum of Understanding entered into by the Department, DHS, and the Department of Agriculture in 1996 titled "Cooperative National Security and Counterterrorism Efforts on Federal Lands along the United States' Borders" has provided an appropriate framework to address the issues you have raised.

#### ALASKA SPECIFIC QUESTIONS

*Question 95.* One of the budget emphasis areas within you Budget in Brief book for FY 2012 is "Strengthening Tribal Nations," which said: "The Strengthening Tribal Nations initiative is a multi-year comprehensive effort to advance the President's commitment to American Indians and Alaska Natives."

As I discussed in my opening statement, you are proposing to cut funding for the Alaska Conveyance Program by 54% and may even undertake a Reduction in Force (RIF) to reduce the number employees by more than half. Secretary Salazar, with all due respect, the Conveyance program has now taken 40 years since the law was signed. With the funding that was provided to the BLM last year you suggested it would take another 20 years to complete the conveyance program. Given that most of those people waiting for their conveyances will now have to wait 40 to fifty more years at this proposed funding level, can you help me better understand your commitment to Alaska Natives and just what signal this sends to those people?

Answer. The Department is committed to the conveyance of lands, not only to individual Natives and to corporations formed under the Alaska Native Claims Settlement Act, but also to the State of Alaska under the Alaska Statehood Act. We are working closely at the local level to determine priorities so that either we can convey by patent (if surveyed) or by interim basis (if unsurveyed) working title to the lands the clients really need now. The BLM has already issued final or interim conveyance on most of the acres. Surveying millions of acres of entitlements now constitutes the bulk of the remaining program work. The BLM will prioritize survey work on a geographic basis, maximize the use of contract surveyors, and use available technology to ensure this work is done in the most cost efficient manner. The Administration will evaluate options for additional program reforms and efficiencies to complete final transfers in a timely manner.

*Question 96.* OCS North Aleutian Basin: The Department has removed potential oil and gas lease sales in the North Aleutian Basin near Bristol Bay from the current and the proposed five-year OCS sale schedule to 2017 because of concerns about the level of baseline scientific study that had been conducted in the area. I can accept that, but I am concerned that the Department will now shift all BOEM funding for baseline scientific studies away from the area because no sales are scheduled, creating a self-fulfilling prophecy that the area can't be considered for leasing after 2017 because there will still not be sufficient environmental data to make an informed decision. Will the Department commit to better funding environmental studies in the area now, so that an informed decision on leasing can be made in the future?

Answer. In March 2010 Secretary Salazar and President Obama announced the OCS oil and gas strategy emphasizing both science-based decision-making and public outreach. The scheduled Beaufort and Chukchi lease sales in the Arctic were canceled in the current 5-Year plan. However, those planning areas, along with the Cook Inlet planning area, are being scoped for the EIS for the 2012-2017 program.

As noted in the question, Bristol Bay was removed from leasing in both the current plan and the next 5-Year plan. President Obama withdrew the Bristol Bay area of the North Aleutian Basin from consideration until June 2017. However, BOEMRE's Environmental Studies Program is working to complete research that is well underway in the North Aleutian Basin, and will have some new baseline information if leasing resumes after June 2017. This includes reports on oceanographic circulation modeling, ocean acidification, habitat use of North Pacific Right Whales, and community subsistence harvest and sharing networks.

*Question 97.* Izembek Wildlife Refuge EIS: I am very pleased that the Department has moved forward to complete the Environmental Impact Statement required before a land swap approved in 2009 involving land in the Izembek National Wildlife Refuge can go forward. Does the Department now have all the funding needed to bring the EIS to completion by early next year, so that the Secretary can make a final decision on the 61,000-acre land swap by spring 2012?

Answer. The FWS is currently working on the EIS associated with the proposed land exchange at Izembek NWR in Alaska. Although there is no request for funding in the President's FY 2012 Budget Request to complete the EIS, it remains a priority and we are confident that the EIS will be completed by the Spring of 2012 in accordance with Public Law 111-11.

## NSSI

*Question 98.* Most of the federal agencies in your Department helped form an initiative called the North Slope Science Initiative several years ago to better coordinate and fund wildlife and geophysical science reviews that play a role in Arctic development. Will the Department actually provide sufficient federal funding in FY 12 to allow the NSSI process to be successfully implemented?

Answer. The President's FY 2012 Budget proposes \$1.0 million for the North Slope Science Initiative. The proposed amount in the President's budget for the Initiative is at the same allocation level as FYs 2009, 2010, and 2011.

## PETROLEUM WELL CLEANUP

*Question 99.* During this past year the Alaska Oil and Gas Conservation Commission has repeatedly urged the BLM to put more money into the cleanup and rehabilitation of abandoned federal oil wells on Alaska's North Slope, most the result of the NPRA federal exploration program in the early 1980's. How much money does your Department intend to commit to clean up of abandoned wells in FY 12 in Alaska?

Answer. In FY 2011, the BLM obligated \$3.1 million for the Umiat well plugging in the NPR-A. The FY 2012 budget includes \$1.0 million for the BLM to use for plugging legacy wells.

## YUKON-CHARLEY NATIONAL PARK INCIDENT

*Question 100.* There have been a number of recent incidents at Yukon-Charley National Preserve involving National Park Service Rangers and local residents in and around the Park Unit. I have a great deal of concern about how the NPS Rangers have behaved in these incidents and previously requested a full review of the incident. What is your assessment of how the Park Rangers engaged with citizens in the Jim Wilde case? Do you believe that NPS employees should be required to take a sensitivity class before working in rural Alaska?

Answer. Public employees should treat the public in a courteous and professional manner. In Yukon-Charley and other Alaska units, the NPS incorporates discussions of Alaska National Interest Lands Conservation Act and aspects of rural life in Alaska NPS employee training and that NPS is helped in this effort by more than 125 rural Alaska residents who come to work for NPS each year. The NPS is confident that NPS rangers involved in this incident treated Mr. Wilde appropriately, in accordance with policy and their training.

## ACCESS TO ALASKA LANDS

*Question 101.* Just recently, small placer miners in Alaska have been informed that the Bureau of Land Management is planning to restrict motorized access to a host of mining claims in Alaska. While access across lands created by the Alaska National Interest Lands Conservation Act to inholdings clearly is protected by the 1980 act, these complaints are arising because of new efforts to restrict motorized access to claims on general BLM lands in Alaska. While I know the Department has a very different interpretation about the residual impact for motorized access on rights of way across lands that the State of Alaska has claimed under Revised Public Law 2477, this closure of access appears to be precedent setting. What exactly is the reason for the closure to access, under exactly what scope of authority is the Department moving to deny access, and exactly how can small miners access their valid claims to minerals under national mining law without having the right to motorized access on routes they have used for many decades? I am seeking a complete understanding of the Department's proposed policy on access to mineral deposits in my state.

Answer. The Department is committed to the attentive protection and support of the access provisions of the Alaska National Interest Lands Conservation Act. The BLM has not taken any action, nor does it plan to take actions, to restrict motorized access to a host of mining claims in Alaska. In individual cases that may involve access across BLM-managed public lands to reach inholdings, including state and federal mining claims, the BLM works with the individuals and corporations in-



volved on a case-by-case basis, and is committed to the timely resolution of these issues.

NATIONAL PARK SERVICE

*Question 102.* Can you please explain why the National Park Service is updating their Oil and Gas regulations at this time? Is this a necessary expenditure of time and resources? Do you foresee this hindering any oil and gas production on private lands within National Park Units in the future?

Answer. The NPS is considering revising its oil and gas regulations, which have been in effect for over 30 years without substantive change, to update them to reflect current policies, practices and advances in technology to improve the ease of applying the regulations for the NPS and industry; and to increase the effectiveness of the regulations in protecting park resources and values. The NPS does not foresee the regulations hindering oil and gas production in parks.

*Question 102a.* Is it possible for Alaska's National Parks to be exempted from this review since many of the National Park Units in Alaska operate under unique laws and regulations?

Answer. Although Alaska's national parks are not exempted from this review, in considering revision to its oil and gas regulations, the NPS will take into account the terms of all laws applicable to national park units in Alaska, including the Alaska National Interest Lands Conservation Act of 1980.

*Question 103.* The National Park Service construction program is \$80.8 million below the 2010 Enacted/2011 CR level, primarily due to reductions in line-item construction projects. Will this reduction only impact new construction, or will maintenance backlog projects be affected as well?

Answer. The majority of the \$80.8 million construction program reduction falls on the line-item construction program, which would be \$76.6 million lower than in FY 2010 under the proposed budget. The NPS's five-year line-item construction program—the major projects that have been prioritized for proposed 2012 funding—consists almost entirely of projects that would help reduce the maintenance backlog.

*Question 104.* Does the National Park Service have any plans to reimplement the hunting closures within Yukon-Charley National Preserve or Denali National Preserve? If so, on what grounds does the National Park Service feel that it is necessary to reimplement these hunting closures?

Answer. The NPS has prohibited the taking of black bear sows and cubs within Denali and Gates of the Arctic National Preserves since 2010. The practice of killing bear cubs, and sows with cubs, at den sites has been generally prohibited in Alaska. However, in 2009, the State of Alaska allowed resident hunters to use artificial light to take black bear sows and cubs in certain areas, including Denali and Gates of the Arctic National Preserves. The NPS considers State laws which seek to manipulate wildlife populations in favor of prey species, or which have that practical effect, to be inconsistent with NPS statutes, regulations, and policies requiring natural abundance, distribution, and behavior of wildlife and exceed the authorization for sport hunting contained in Alaska National Interests Land Conservation Act (ANILCA). Because the state authorizations remain in effect, the NPS has determined the closure is still warranted at these two units.

In the case of Yukon-Charley Rivers National Preserve, the purpose of the 2010 closure to sport take of wolves was in part to ensure the protection of wolves and preserve hunting and trapping opportunities for local rural residents under Title VIII of ANILCA. This was prompted by a 43 percent decline in wolf numbers and the loss of one complete pack in months preceding the closure. The 2010 closure expired on May 31, 2010. Future decisions on closure will be based on resource data available at the time.

*Question 105.* When does the National Park Service plan to reevaluate the authorizations for air transport companies to provide transport services in Noatak National Preserve? How was the original number of allocations determined?

Answer. The NPS will reevaluate the terms for commercial use authorizations for transporters during this fiscal year, as those authorizations expire on December 31, 2011. The original allocations were determined by a mix of historical use numbers and requests by operators. In response to dissatisfaction with that process, allocations for 2011 were recently modified to better match the needs of the transporter companies. This modification has been seen as a satisfactory remedy for this year.

*Question 106.* When will the Administration submit a legislative proposal with the criteria needed to evaluate potentially qualified national heritage areas and the process for designation and administration of those areas?

Answer. The Administration is very interested in establishing in law the criteria for evaluating areas for their potential as national heritage areas and the process

for designating and administering national heritage areas. However, at this time, no timeline has been determined for submitting a legislative proposal to Congress.

#### MINING

##### *Jobs Impact of Rulemaking on Coal Mines*

*Question 107.* The Interior Department recently distributed a draft EIS for its rulemaking on stream protections and coal mining. The EIS projects massive job destruction as a result of your agency's 'preferred alternative'. The Department has tried to distance itself from the EIS, but that does not reverse the fact that it was officially transmitted to states for comment—a process that consumes time, money, and other resources. Will you consider withdrawing the 'preferred alternative' in the draft EIS; developing a new one; and re-issuing an impact analysis that identifies the actual changes made to the rule and explains how they correspond to any reductions in economic damage from what was projected in the draft EIS?

*Answer.* It is important to note that the Department has not published a draft environmental impact statement with a preferred alternative. The proposed rule and draft EIS are still under development. Preliminary working drafts of portions of the draft EIS were leaked to the media, and they contained unverified data and figures. OSM will develop the draft EIS and rule thoughtfully and deliberately. The draft EIS and proposed rule will be made available for public comment, and both documents will be based on sound information.

##### *Critical Minerals and Permitting Delays*

*Question 108.* Last year, the Energy Department issued a report on critical minerals. It discussed the time it takes to permit domestic mines and noted that the U.S. ranks dead last in this category worldwide. It can take a decade to obtain approval in the U.S. but just 1-2 years in Australia, for example.

*Question 109.* We must protect the environment, but that goal should be met through competent implementation of the laws we have—not by using them to delay projects and strand private capital. Such tactics are short-sighted and result in mines operating in areas of the world with far less stringent protections than we have here in the U.S. The DOE is scheduled to release an update of this report by the end of 2011. Will you commit to working with Secretary Chu to propose actual solutions to these permitting delay problems, in that updated report?

*Answer.* The Department's approach to mineral development on public lands has been one of balance and coordination. We have to ensure that development occurs in a manner consistent with the need for mineral resources and the protection of the public, public lands, and water resources. We agree with the statement in the report that coordination among relevant government agencies, federal, state, and local, is a key factor.

##### *Competitiveness Impact of Hardrock Royalty Proposal*

*Question 110.* The Interior Department's budget contains a proposal to impose a 5% gross royalty, increase existing fees, create new fees, and convert to an entirely different system of providing land tenure for domestic, hardrock mineral operations. Hardrock minerals trade in global markets and decisions about where to invest in their production are made in a highly competitive environment. We talk a lot about our reliance on foreign oil, but other minerals are equally problematic. The U.S. imports 100% of the quartz crystal for solar panels, 100% of the indium for LED lighting, and 100% percent of the rare earth elements for batteries and magnets.

a. We know that the Administration believes these fees and royalties would raise \$2.3 billion over 10 years—which is useful, in terms of paying for other programs—but I want to know: did the Department conduct any kind of analysis of the impact this proposal would have on the domestic production of minerals critical to national security and clean energy technologies?

*Answer.* The legislative proposal, would implement a leasing and royalty system on a discrete number of specifically identified minerals, including gold, silver, lead, zinc, copper, uranium, and molybdenum that are currently covered by the General Mining Law of 1872. This would ensure a fair return to the public on the development of their resources, with half of the receipts distributed to the states in which the leases are located and the remaining half deposited in the Treasury. Moreover, pre-existing valid claims could continue to exist and operate consistent with current regulations.

*Wildlands policy*

*Question 111.* Much of the material the Department of the Interior has published and much of the information provided describes the new “wild lands” policy in very similar terms to “Wilderness” and often it appears that the terms “wilderness” and “wild lands” are used interchangeably.

*Answer.* Wilderness areas and Wild Lands both have wilderness characteristics defined by the 1964 Wilderness Act. However, wilderness areas are designated by Congress and protected and managed indefinitely under the law with strict prohibitions on certain activities. Wild Lands are temporary designations resulting from a land use plan with full public participation. A wider range of actions and activities may be allowed in Wild Lands than can occur in designated wilderness. Lands can be identified as having wild land characteristics, but the land use planning decision process would determine how the lands would be managed.

*Question 111a.* Secretary Salazar, you are directing the Bureau of Land Management to protect an area’s “wilderness characteristics” by designating them “wildlands.” Since you are using the “Wilderness Study Areas” currently identified in your BLM land management plans as the starting point for the inventory, don’t you believe that it is possible that many will think you are attempting to circumvent the current laws and designate wilderness under a new name, but with virtually identical regulatory and land use impacts?

*Answer.* The BLM is not using Wilderness Study Areas (WSAs) as a starting point for the inventory; WSAs are very specifically not subject to the Wild Lands policy (BLM Manual 6301.01). The manuals developed by BLM to implement Secretarial Order 3310 clearly describe a process that includes full public involvement in the land use planning process before a Wild Land can be designated in a plan decision. Additionally, Wild Lands are managed under different guidelines than either designated wilderness or WSAs. A wider range of actions and activities may be allowed in Wild Lands than can occur in designated wilderness, and future planning decisions can change the management of the lands.

*Question 111b.* Aren’t you violating the spirit, if not the law, of the long standing understanding between the Department of the Interior and Congress that Congress designates all new Wilderness Areas?

*Answer.* No. Only the Congress can designate Wilderness Areas. The BLM will be identifying lands with wilderness characteristics. Through its open and public land use planning process, BLM will be making decisions regarding which areas should be protected and managed as Wild Lands for the life of the land use plan. These are not permanent designations, and will be revisited in future planning cycles. Uses allowed in designated Wild Lands can be broader and more flexible than those allowed in WSAs and wilderness.

*Question 111c.* If you’re telling the Bureau of Land Management to protect an area for the area’s “wilderness characteristics” by designating them “wildlands” and using the “Wilderness Study Areas” currently identified in your BLM land management plans as the starting point for the inventory, do you seriously think anyone is going to believe you have not simply changed the label to attempt to get around the law in some instances, and Court ordered Settlements in other instances? If you decide to continue down the wild lands path and your visitor numbers continue to drop as they have over the last 3 or 4 years, tell me why Congress shouldn’t reduce the Department’s budgets for those lands your agencies consider wild lands?

*Answer.* The BLM is not using Wilderness Study Areas (WSAs) as a starting point for the inventory; WSAs are specifically not subject to the Wild Lands policy (BLM Manual 6301.01).

Over the last three years, visitation to BLM managed-lands has steadily increased from 56.9 million visitors in FY2008 to 57.3 million visitors in FY 2009, and 58 million visitors in FY 2010.

*Question 111d.* If the Department proceeds with its plans to designate wild land areas and manage these areas for their wild land or wilderness resource values, why would any Congress take the time to consider any new Wilderness bills proposed on bllblands?

*Answer.* A Wild Land designation, unlike wilderness, is a temporary designation that is in effect for the life of the land use plan, and can change in a future plan decision. Only Congress can designate wilderness and only Congress can resolve the long-standing issue of which lands should be designated wilderness and which lands should be released for non-wilderness uses.

## WILDERNESS BOUNDARIES

*Question 112.* Please tell me how many miles of Wilderness boundary lines each of the agencies within your Department manage? And how many of those miles of Wilderness boundary are signed in such a manner that someone unfamiliar with an area would know they are inside or outside the designated Wilderness Area?

Answer. The most current information and statistics related to the wilderness lands managed by the Department can be found at <http://wilderness.net>, which houses a comprehensive inter-agency database of information about all BLM, FWS, NPS, and USFS wilderness areas. Unfortunately, statistics related to total boundary miles are not kept on this site. However, the site indicates that BLM is the steward of 221 wilderness areas totaling more than 8.7 million acres, and 545 WSAs totaling nearly 13 million acres; FWS manages 75 congressionally-designated wilderness areas on 63 units of the National Wildlife Refuge System in 26 states, with about 90 per cent, 18.6 million acres, in Alaska. Forty-four million acres of wilderness are in 47 parks and total 53 percent of National Park System lands, with additional national park areas are managed as "recommended" or "proposed" wilderness until Congress acts on their status.

Regarding signage, the Wilderness Act contemplates that a certain level of signing may be appropriate in wilderness when used to manage a system of trails, water routes, or access points or possibly to implement management regulations such as marking designated campsites. In other cases, however, such as areas without trails, no signs are needed in wilderness. Providing just what is needed and no more contributes to wilderness being maintained in an undeveloped condition in contrast to lands which exhibit a higher level of human modifications.

## US GEOLOGICAL SERVICE

*Question 113.* I note within the USGS budget proposal to eliminate funding for the Data Preservation Program, and in your Budget in Brief document, claims that this Data Preservation program is "largely duplicative of other Federal and private programs." Each year I am visited by the State Geologists and each year they remind me how very important this program is to their efforts to deal with the renewable energy programs like geothermal and carbon sequestration.

a. Can you tell me exactly what other federal agencies are collecting and maintaining these drill logs and whether those agencies are more committed than the USGS at maintaining this information?

b. Your document also suggested that there are private programs that are collecting and maintain similar information. Can you assure me that those private programs will allow other potential users of that data free and unfettered access to the information?

c. Secretary Salazar, I am fearful that in your Department's zeal to completely do away with the oil and gas industry in the United States, that you may be throwing the baby out with the bathwater when you suggest defunding this program. I am not prepared to lose the data already collected, nor to force future renewable energy companies to have to expend millions of dollars to replace the drill core data that could be lost if we defund this program. I am sure that my staff will be able to identify enough funds from the Department Offices account to cover the million cost of this important program.

Answer. The National Geological and Geophysical Data Preservation Program (NGGDPP) is the only federal program dedicated to preserving physical and analog geoscience data. The proposed reduction would eliminate the NGGDPP. The National Digital Catalog would still exist, however it would no longer be maintained and access to it would be restricted.

## BUREAU OF RECLAMATION AND WATER

*Question 114.* The FY 2012 budget proposes a decrease in water related project funding.

Please describe the process you undertook to prioritize funding for authorized projects that have received Federal funding in the past. In addition, please describe the process that Reclamation is undertaking to assess and prioritize the funding needs required to ensure that our water infrastructure is safe and reliable.

Answer. Overall, our budget continues to support the need to maintain infrastructure in a safe operating condition while addressing the myriad challenges facing water users in the West. Approximately, 51 percent of our water-related resources budget or \$407 million is dedicated to operation, maintenance and rehabilitation ac-

tivity. These activities include the Dam Safety Program, Site Security Program, and RAX (Replacement, Additions, and Extraordinary Maintenance).

Reclamation employs a variety of strategies to assess and prioritize funding needs required to ensure that our water infrastructure is safe and reliable, including 1) an annual review/examination program for high-and significant-hazard dams to assess dam safety and condition; 2) the power review of operations and maintenance program to assess the operational and maintenance condition of generation assets; 3) the associated review of Operations and Maintenance Program to assess the operational and maintenance condition of water diversion and delivery assets; 4) pursuit of cost-effective financing alternatives for the remainder of the power O&M/capital investment program; 5) addressing financing of Maintenance, Rehabilitation, and Repair (MR&R) needs-related aging infrastructure and 6) completing HydroAMP power train component guides and deployment throughout Reclamation generation sites.

Further, the Bureau employs an exhaustive annual formulation process, called the Budget Review Committee, that involves all of its Regions, representatives of employees at all levels, as well as Area and Program management. The Budget Review Committee debates and prioritizes the compiled proposed budgets from all sources, and reaches its decisions based on group consensus predicated on the Administration's and Commissioner's priorities, as well as those of our Congressional stakeholders. Funding allocations of certain programs and projects are based on criteria including risk, how close to completion a project may be, serving on-reservation populations, how many constituents are served, etc.

*Question 115.* Please describe how much of the Reclamation budget is reimbursable vs. non-reimbursable?

Answer. The reimbursable amount contemplated in a typical year is approximately one-third of the annual request to Congress for appropriations—approximately \$313 million is anticipated for 2011. The amount will vary somewhat each year as reimbursement will vary based upon the rules and requirements associated with the authorization for each project/program, the terms and conditions of the repayment contract and where each project is in its repayment cycle. For example, operation and maintenance work is typically repaid within the same year; construction typically has a multi-year repayment schedule.

Generally, projects requiring reimbursement include those associated with the development of agricultural, municipal and industrial, or power facilities. Also, extraordinary maintenance and replacement work undertaken by Reclamation on projects that have a reimbursable cost allocation to local beneficiaries is reimbursable. Construction, water conservation, and other work not normally considered operation and maintenance are not within the meaning of “extraordinary maintenance and replacement activities” in the provision. By the same token, as authorized, rural water projects as well as Title XVI projects do not have reimbursement requirements, but their authorizations require a non-federal cost share which is a percentage of the total costs that are determined by the authorizing legislation.

It is important to note that the annual appropriations request funds only a portion of overall Reclamation activities. For example, many completed Reclamation projects are operated and maintained by water districts using their own staff and financial resources pursuant to contracts entered into with Reclamation (transferred works). In cases where a portion of the costs for transferred works are non-reimbursable based on the project authorization and project purposes, Reclamation may request funds for the non-reimbursable portion. For situations where Reclamation operates and maintains completed projects (reserved works), water users are typically required to fund their portion of O&M costs in advance (water user advances). For project operation and maintenance costs allocated to hydropower, approximately 80 percent (hundreds of millions of dollars) of the total Reclamation-wide is direct funded by power customers (e.g., Hoover Dam), Western Area Power, or the Bonneville Power Administration. Finally, for many construction type activities, upfront cost sharing provided by non-federal partners is not counted as “reimbursable,” since it is provided upfront rather than repaid. There are also significant Reclamation programs for Title XVI water reclamation and reuse, rural water project construction, and WaterSMART Grant programs that, in most cases, result in facilities owned by local districts and not the federal government. These examples demonstrate the high level of resources contributed by non-federal entities that do not show up in the reimbursable calculation.

*Question 116.* Please describe the current backlog for aging infrastructure. Have you projected the costs associated with this infrastructure over the next 10 years? If so, what are the estimated costs?

Answer. Reclamation is currently updating a preliminary inventory of potential reinvestment needs and associated costs estimates. For all Reclamation assets, inde-

pendent of the source of financing, the current estimate is approximately \$3.1 billion. Some of this will be financed under our Safety of Dams program, some will be financed by power and irrigation and water users, and some will be financed by appropriations with reimbursement by power and irrigation and water users or repayment contracts negotiated. There are several measures of "aging infrastructure" depending on the context. Reclamation's most recent Asset Management Plan, published after Fiscal Year 2009, indicated that Reclamation's deferred maintenance fluctuated around \$40-\$45 million annually prior to 2008, when a large jump occurred as a result of updating identified maintenance estimates from previous years. Following the update of estimates to current prices, Reclamation's deferred maintenance has averaged \$84 million (2008-2010). The existence of deferred maintenance is common for the utility industry, is an accepted management practice, and will never be eliminated. As existing deferred maintenance is resolved, new deferred maintenance is identified and placed on the list. A ten year projection could be derived based on these figures, but Reclamation does not prepare or publish such a projection.

*Question 117.* Please describe the role that the Administration is playing in the California Bay Delta Conservation Plan. Within that process, please describe the process Reclamation will play to ensure that Federal water contract deliveries will be met.

*Answer.* Federal agencies are helping to develop the Bay-Delta Conservation Plan (BDCP) and are engaged in it in order to help set a long-term path for reliable water supply, habitat restoration, and response to the Delta's non-water-supply stressors. The Department, through the Bureau of Reclamation and the FWS, and the Department of Commerce's National Marine Fisheries Service (NMFS), together with the U.S. Army Corps of Engineers, have significantly enhanced federal engagement on the BDCP. The federal agencies have resources dedicated to develop and process the documents needed to expeditiously move the plan forward, including the associated Environmental Impact Statement, and permits under the federal Endangered Species Act (ESA) that comply with the provisions of federal laws.

Reclamation is a partner in the development of the BDCP. Reclamation has and will continue to provide expertise throughout the BDCP process to ensure Central Valley Project (CVP) operations and water deliveries are considered, evaluated, and addressed. Reclamation will evaluate the BDCP in consideration of CVP statutory and contractual obligations. Reclamation expects to pursue ESA Section 7 consultation with NMFS and FWS for CVP operations with the BDCP as part of the project description.

*Question 118.* Please describe the flexibility you have to deliver water south of the delta. Are there any legislative changes needed to improve this flexibility? If so, please describe them.

*Answer.* Reclamation operates the Central Valley Project to deliver water to our contractors within the physical constraints of the system in accordance with the laws, directives, and orders affecting the CVP. Recently, Reclamation identified a number of activities to improve the south of Delta water supplies including: facilitation of water transfers, continuing improvements to the Delta near term science, implementing water augmentation actions, and continued coordination on the Interim Federal Action Plan. These activities were recently summarized in a document by Reclamation, "Central Valley Project Water Plan 2011" which can be found online at [http://www.usbr.gov/mp/PA/water/docs/Water\\_Plan\\_2011\\_02-15-11.pdf](http://www.usbr.gov/mp/PA/water/docs/Water_Plan_2011_02-15-11.pdf). Reclamation continues to focus on both short-and long-term solutions and will work closely with Congress on those requiring additional authority or funding. As stated in House testimony on April 11, 2011, this year, Reclamation will deliver 100% of the contractual water supplies for most CVP contractors, including agricultural contracts and refuge level 2 water, as well as municipal and industrial (M&I) water.

*Question 119.* Over the last four years members have expressed interest in identifying the impact that water shortages may have on employment within the Central Valley of California. Have you quantified any employment impact that may have occurred due to water shortages within the Central Valley?

*Answer.* Attributing unemployment in the Central Valley to water delivered is difficult given the diverse nature of the economy in this area. Reclamation generally does not collect detailed production and employment information from the numerous districts it serves in the Central Valley. Individual districts may have better information from their individual producers. Also, universities in California have prepared reports assessing the relationship between water shortages and jobs. These reports are publicly available. Over the past four years, Reclamation and the Department have focused their efforts on finding ways to alleviate the shortages and make best use of the water that is available. We are sympathetic to those affected by shortages and will continue to work to address this issue.

*Question 120.* Please describe the new approaches that you have undertaken, or will undertake to improve your operational, maintenance and rehabilitation obligations.

Answer. Reclamation's program and budget formulation processes typically begin three years prior to a budget enactment year. Through a "bottom-up" process, anticipated needs for operational, maintenance, and rehabilitation (OM&R) activities are identified through various inspection and condition assessment procedures undertaken at Reclamation's water and power facilities which it directly manages. Often times, however, the field conditions, and consequently the OM&R needs, may change from what was originally envisioned through the budgeting process to the year of execution. Reclamation has acknowledged that OM&R needs at our facilities must be communicated effectively and timely so that corporate decisions can be made to best utilize (and obligate) funding for the highest-priority activities in the interest and accomplishment of our agency's primary missions. Processes have been implemented to better communicate and coordinate decision-making related to these funding priorities and needs on a corporate basis for improved OM&R obligations within Reclamation.

*Question 121.* Please identify the types of projects included in the WaterSMART grant program? Have you broken down the different funding levels for agricultural/environmental/urban projects?

Answer. WaterSMART Grants are available for projects that will conserve water, improve water and energy efficiency, and address endangered species issues; pilot and demonstration projects to explore the use of advanced water treatment techniques to create new water supplies; system optimization reviews to assess the potential for water management improvements; and activities designed to develop tools and information to more efficiently manage water resources in a changing climate. The most significant portion of requested funding will be used to award Water and Energy Efficiency Grants, which in the past have included on-the-ground activities such as lining or piping of existing canals, installation of automated irrigation management systems and flow measurement devices, construction of new canal gates or conveyance improvements, installation of pump stations and energy recovery turbines, and other similar projects. Funding has also been awarded for urban water conservation improvements, such as residential meter installation efforts and turf replacement rebate activities, among other projects.

Reclamation began identifying funding levels for agricultural and urban projects in FY 2010, when Reclamation awarded approximately \$9 million (29 projects) to agricultural projects; approximately \$6 million (14 projects) for municipal and industrial (M&I) projects; and approximately \$600,000 (3 projects) for projects that address both agricultural and M&I uses. (Other awards were made for projects to develop climate analysis tools that do not specifically address either agricultural or M&I uses.) Many of the funded projects, both agricultural and M&I, are intended to address environmental concerns. Reclamation has not separately identified the amount of funding specifically addressing environmental concerns.

*Question 122.* Since the mid-90s when the Bureau of Reclamation's title transfer process was articulated in the Framework for the Transfer of Title, how many titles have been transferred to date?

Answer. Since 1995, Reclamation has transferred title to 27 projects or parts of projects. This includes a partial conveyance in the cases of the Gila Project (Wellton Mohawk Irrigation and Drainage District in Arizona) and Provo River Project (Provo River Water Users Association in Utah). In both these cases, the entities that are authorized to take title requested to break up the transfer into multiple phases for specific reasons. Reclamation and these entities are continuing to work on completing the rest of the transfers. In addition, there are two other title transfers that are currently authorized, but which have not been completed: Transfer of lands and facilities associated with the Humboldt Project (P.L.107-282) in Nevada is working its way through the requirements of the National Environmental Policy Act and the National Historic Preservation Act. And transfer of features associated with the Cachuma Project in California to the Goleta Water District is nearly complete and should be transferred by the end of April, 2011.

*Question 123.* Is there any authority provided to Reclamation to transfer small components of projects, or does each transfer of title require legislation? Are you aware of any project facilities/components that been transferred without legislation?

Answer. Reclamation and the Department have operated with the understanding that the Reclamation Act of 1902 effectively requires a specific Act of Congress to authorize the transfer of title from the United States to a non-federal entity. There have been several instances where the original project authorization allowed for the transfer of title when specific conditions are met—such as the complete repayment of the water district's capital obligation. In those cases, title transfer has been car-

ried out and has been timely. But in general, Reclamation is not aware of any transfers that were completed without a specific Act of Congress.

*Question 124.* Since the mid-90s, how many districts have indicated interest versus those that have actually received the transfer of title? Can you explain the difference in numbers? What have been the major obstacles to transferring of titles? Have there been any major changes since the mid-90s to address these obstacles and to create additional opportunities to encourage title transfers? What are you doing to encourage people to take title?

*Answer.* Since the mid-1990's, Reclamation has fielded many inquiries from water districts about the possibility of title transfer. Many have determined that it did not meet their needs and interests and decided not to pursue title transfer. In some cases, the process began but was abandoned for various reasons. In general terms, Reclamation has come to understand that there are a number of reasons why entities consider, but then decided not to pursue title transfer—or initiate the process, but later determine that it does not meet their need and discontinue the effort. First, some districts are concerned about assuming ownership liability, which is otherwise held by the United States. Second, some districts initiate title transfer in hopes of avoiding the need to deal with certain issues, but find that they must deal with those issues as part of the title transfer process. Third, when doing their own evaluation of the benefits and costs, they determine that the benefits of taking title do not outweigh the costs—both in terms of the transaction costs associated with the process and the long-term costs versus benefits of holding title. And fourth, some have initiated the title transfer process and met with opposition from other Project stakeholders, so they stopped their title transfer effort because they determined that it was not worth the effort, cost or relationship strains to continue to pursue title transfer.

In terms of changes to the process, Reclamation has done several formal and informal evaluations of its title transfer processes and policies and taken steps to improve the process to make it more efficient and timely. As referenced in the answer to question 20 above, as part of the Managing for Excellence (M4E) initiative, Reclamation undertook a comprehensive review of each step with an eye toward improving the process. This included interviews with Reclamation employees, water districts and representatives from other stakeholder groups who had been involved in various transfer efforts—both successful (where title transfer was completed), as well as those where transfer was not completed. Reclamation also conducted broader scoping/brainstorming meetings as part of the M4E initiative that were held in coordination with the National Water Resources Association and the Family Farm Alliance. As a result of all of those interactions, we made several changes to the process to make it clearer, more consistent and more transparent. Finally, we continue to work with entities interested in title transfer to proactively identify the costs, benefits and the steps that are necessary to minimize controversy and get all of the potential issues or concerns on the table at the earliest possible stage. In recent years, since implementation of those changes, Reclamation has seen a number of transfers proceed to and through the legislative process without significant cost or controversy. It is that model that we share with entities who express an interest in title transfer.

*Question 125.* What are the typical costs associated with these transfers? If each transfer is deemed unique, could you then tell me of those that have been completed, what was the cost? Have these transfers led to a decrease in personnel and other costs associated the federal holding of titles?

*Answer.* The cost associated with the title transfer process has varied widely depending upon the circumstances. Because title transfer decisions must comply with both the National Environmental Policy Act (NEPA) and the National Historic Preservation Act (NHPA), Reclamation must complete the activities required under those laws. The cost of compliance with those laws is generally the largest percentage of the total title transfer transaction cost. In most cases, the NEPA process has resulted in a Finding Of No Significant Impact (FONSI) and we have been able to sign an Environmental Assessment (EA). However, in some cases, where parties are proposing the transfer of potentially historic or culturally significant sites, a more detailed analysis is required both under NEPA (resulting in the completion of an Environmental Impact Statement) and under the NHPA. Of the 27 transfers completed to date, only 2 have required a more detailed analysis than an EA-FONSI.

The costs of title transfer transactions have ranged from roughly \$3,000—\$5,000 for the simplest transfers to \$1.5 million for those that required the most extensive compliance activities. Over time, as Reclamation and our partners have gotten more experienced, we have seen the costs and timeframes go down.

In response to the last part of the question, due to the types of projects and facilities that are being considered for title transfer, Reclamation has seen very limited



budgetary savings as a result of title transfer. Nearly all the projects and facilities where title has been transferred were already being operated and maintained (O&M) by the entity interested in taking title. This meant that the costs for that O&M were already off-budget for Reclamation. As a result, of the 27 title transfers undertaken so far, there have been only two transfers that have resulted in financial or specific budgetary savings (Middle Loup Unit of the Pick Sloan Missouri Basin Program transferred to the Sargent, Farwell and Middle Loup Districts in Nebraska, and the Palmetto Bend Project in Texas transferred to the Lavaca-Navidad Water Authority). In general, the financial benefits to the United States are associated with a transfer of ownership liability, which is difficult to quantify and is not a direct budget item.

*Question 126.* What do you consider the goal of the title transfer program?

Answer. Reclamation sees the goal of its title transfer effort as multi-faceted. First, it is an opportunity to increase the efficiency of operating and maintaining projects and project facilities. Title transfer can increase operational flexibility and can potentially remove obligations—such as certain reporting and permitting requirements that exist by virtue of the fact that the facilities are owned by the United States. We also see title transfer as a tool for assisting water users to address long term maintenance needs associated with an aging infrastructure. In many cases, the entities that operate the projects would like to undertake major maintenance efforts that, by law, are their responsibility. However, they cannot borrow the needed capital because they do not actually own the facilities and therefore do not have sufficient collateral. Taking title gives them that flexibility. And lastly, Reclamation has a multi-billion dollar backlog of obligations. While there may not be an immediate budgetary savings, we do see title transfer as a means, over the long term, to focus our resources on meeting the highest priority needs at core facilities in order to most effectively meet the contemporary water and power needs of the Western United States.

#### RESPONSES OF HON. KEN SALAZAR TO QUESTIONS FROM SENATOR BARRASSO

##### STREAM PROTECTION RULE

*Question 127.* In January, the President directed agencies to review regulations. How has OSM's stream protection rulemaking complied with President Obama's recent Executive Order 13563 Improving Regulation and Regulatory Review? Please provide a justification for making the rule, particularly as it relates to Wyoming stream protection. How many days have states been allowed to review each section of the draft EIS? Please also provide the number of pages for each correlating review. What is the estimated cost on states for the implementation of this new proposal in comparison to the 2008 rule?

Answer. The 2008 Stream Buffer Zone Rule was challenged in District Court, and the Department of the Interior entered into a settlement agreement staying that litigation. OSM shared early, contractor-generated draft chapters of the Draft EIS with the cooperating states in a continuation of its effort to be more open and transparent in its rulemaking process. These draft documents are not official OSM documents and do not reflect either the official views of the Department of the Interior. The OSM is still in the process of determining the content of the proposed rule, as well as developing the information necessary to assist in the bureau's decision making. As OSM moves forward, it will seek to protect the streams and other environmental assets that are critical to the health and economic well-being of communities, while protecting jobs and maintaining coal production. Any final rule will comply with all applicable law and Executive Orders.

##### ABANDONED MINE LAND

*Question 128.* The President's budget calls for ending abandoned mine cleanup payments for certified states. Current law also requires Abandoned Mine Land (AML) funding go to pay for United Mine Workers health care benefits. How much AML funding was directed toward union health care benefits in 2010? How much funding is projected to be used for union health care benefits in 2011 and 2012? Does the Administration view this expenditure as coal mine reclamation?

Answer. In FY 2010 the following funding was provided to the three health care plans within the UMWA Health and Retirement Funds as required by SMCRA:

From the AML Fund: \$63,926,377.69  
From Treasury: \$108,772,514.30

We project the following funding to be provided to these three health care plans in 2011 and 2012:

*FY 2011*

AML Fund: \$57,246,486.91  
Treasury: \$216,063,772.85

*FY 2012*

AML Fund: \$64,062,038  
Treasury: \$161,191,363

The Administration does not view the payments to these three plans, which are mandated by the 2006 Amendments to the Surface Mining Control and Reclamation Act (SMCRA), as funding applied to reclaiming abandoned coal mines. The 2012 Budget proposal would not affect the payments to UMWA healthcare plans.

WILD LANDS

*Question 129.* Livestock grazing is “ordinarily” consistent with LWCs. Manual 6302 § .13.D.6. The Manual then notes that some grazing management practices such as new range improvement projects, vegetation manipulation or needs for motorized access could impact the overarching duty to protect the wilderness characteristics.

These possible limitations on grazing are more restrictive than the restrictions which apply to the FLPMA 603. Under Section 603(c), the Secretary is directed to manage lands with wilderness characteristics designated as Wilderness Study Areas so as to not impair their suitability as wilderness “subject, however to the continuation of existing . . . grazing uses . . . in a manner and degree in which the same was being conducted [in 1976 and the passage of FLPMA].”

The BLM manual fails to recognize this exception within 603 that grandfathers existing grazing uses in existence in 1976. Even the Wilderness Act itself provides for “non-conforming uses,” one of which is livestock grazing established prior to the effective date of the Act. 16 U.S.C. § 1133(d)(4)(2).

The Manual calls into question the compatibility of grazing on lands that were not included in the FLPMA § 603 inventory process and that are under existing land use planning authorizations. The Manual’s policy preference that LWCs are chiefly valuable for wilderness seems to conflict with the Secretary’s obligations to manage those lands as chiefly valuable for grazing. Whenever the BLM considers a proposal to cease livestock grazing on public rangelands and those lands are within a designated grazing district, as the vast majority of BLM grazing lands are, the BLM must analyze whether the lands are still “chiefly valuable for grazing and raising of other forage crops” under the Taylor Grazing Act, 43 U.S.C. § 315.

Neither the Secretary’s Wild Lands Order nor the implementing BLM manuals explain how the Secretary reconciles the use of BLM grazing districts as chiefly valuable for grazing when those lands also contain wilderness characteristics. In the absence of an explanation, the BLM is directed to elevate wilderness protection above grazing use in seeming contradiction to the Taylor Grazing Act.

*Answer.* The BLM manual directs the agency to maintain an inventory of Lands with Wilderness Characteristics (LWCs). This does not change management decisions but simply assesses the condition of the existing landscape to determine whether wilderness characteristics are present. The BLM will then use the land use planning process, with full public involvement, to make decisions about the management of these areas, including whether or not to designate the LWC as a Wild Land. The manual affirms that livestock grazing is ordinarily consistent with the protection of wilderness characteristics. Lands that are grazed could be considered for designation as Wild Lands and grazing could continue in areas designated as Wild Lands.

*Question 129a.* Please explain the apparent conflict in priority between grazing and LWCs created with the Order and Manuals and the existing law.

*Answer.* The manual affirms that livestock grazing is ordinarily consistent with the protection of wilderness characteristics. Lands that are grazed could be considered for designation as Wild Lands and grazing could continue in areas designated as Wild Lands.

*Question 129b.* Currently the BLM offices are directed to elevate wilderness protection above grazing according to the Manuals. How will the agency revise the manuals to give BLM offices clear guidance?

*Answer.* There is no direction to elevate protection of wilderness characteristics above livestock grazing. The Secretarial Order and BLM manuals simply affirm that managing the wilderness resource is an important part of the BLM’s multiple-use

mission, and that the BLM should protect wilderness characteristics consistent with its management authorities and its multiple-use mission.

*Question 129c.* What will the agency do to correct the conflict and ensure grazing continues to take place on any designated wild lands?

Answer. Any conflicts would be resolved through the public land use planning process.

*Question 129d.* How will the Department manage proposed wild lands areas while the Department reviews the proposed wild land area?

Answer. The BLM will manage LWCs according to the terms of the applicable land use plan pending a plan decision on whether or not to designate a specific LWC as a Wild Land. Specific projects proposed in LWCs not yet analyzed for Wild Lands designation will be considered according to the review procedures of manual 6303.

*Question 129e.* Will permits for recreation, grazing, or energy development be approved on areas proposed for wild lands areas? If so, under what specific circumstances will each of these activities be considered "appropriate and consistent with applicable requirements of law and other resource management considerations" (Secretarial Order 3310)?

Answer. The BLM will manage LWCs according to the terms of the applicable land use plan pending a plan decision on whether or not to designate a specific LWC as a Wild Land. Specific recreation permits, grazing projects or energy developments proposed in LWCs not yet considered for Wild Lands designation will be considered according to the review procedures of manual 6303.

#### WILD HORSES

*Question 130.* According to BLM Director Bob Abbey's comments on February 24th, the new Wild Horse and Burro reforms include cutting back on gathers, increasing fertility control and adoptions. Director Abbey further stated there were approximately 38,000 wild horses and burros on BLM land and the target was 26,000. This means there are 12,000 additional horses damaging rangeland health. Increased adoption and fertility control were given as the primary solution and need for an additional \$12 million dollars for Wild Horse and Burro management. However, the BLM cannot adopt out horses that aren't first removed. Additionally, horses treated with fertility control will still eat. The only way to manage for healthy rangelands is to reduce the number of wild horses to your own target numbers. Why aren't your reforms targeting the BLM's sustainable 26,000 horses figure?

Answer. Congress has asked the BLM to find ways to manage these symbols of the West in a cost-effective, humane manner, and we are committed to do that. However, the costs to humanely care for so many unadopted wild horses are not sustainable and changes are needed. Finding ways to place the program on a sustainable track is a top priority. Ultimately, placing the program on a sustainable track will depend on the BLM's ability to identify safe, effective, and humane options for suppressing population growth without removing horses from the range, and boosting adoptions of horses that are removed from the range. Over time, better balancing of removal numbers with adoption demand should result in fewer unadopted animals held in short-or long-term holding and reduced costs. On February 24, 2011, the BLM released for public review and comment a Proposed Strategy for fundamental reform to the management of the Wild Horse and Burro program. The public comment period closed March 30, and the BLM is in the process of analyzing the comments received. The BLM intends to reduce the annual number of wild horses gathered and removed from the range from 10,000 to 7,600 horses (a 24 percent reduction); continue to pursue public-private partnerships to hold excess horses gathered from Western public rangelands; and increase significantly the number of mares treated with fertility control, from 500 in 2009 to a target of 2,000 in 2012. Also, the BLM is soliciting requests for proposals to do a review of previous wild horse management studies and make recommendations on long-term sustainable management of wild horses and burros in light of the latest scientific research. We expect to receive these recommendations in 2013.

#### WIND ENERGY

*Question 131.* In January, the Fish and Wildlife Service issued an Eagle Conservation Plan Guidance for wind energy facilities. What is the scientific basis for deviating from the consensus recommendations from the Federal Advisory Committee ("FAC") created to advise the Secretary on Wind Turbine Guidelines? Did the Fish and Wildlife Service conduct a cost-benefit analysis for the implementation of these guidelines on wind energy development? What is the estimated impact on wind energy development?

Answer. The FWS did not conduct a cost-benefit analysis for the estimated impact of the guidelines on wind energy development. The separate draft Eagle Conservation Plan Guidance was developed to facilitate the protection of eagles in the siting, design and operation of wind energy development projects. Eagles, among all bird species, are particularly affected by wind energy projects because eagles tend to fly along many of the most productive wind corridors. Both the Migratory Bird Treaty Act of 1918 (MBTA; 16 U.S.C. 703-712) and the Bald and Golden Eagle Protection Act (BGEPA; 16 U.S.C. 668-668(d)) generally prohibit the "take" of protected species, which includes killing or injuring a bird of a protected species. They allow "take" under limited circumstances and within statutorily defined standards for the conservation of protected species' populations. The FWS is working closely with the wind energy industry on guidelines to help wind energy projects move forward while meeting these conservation standards. The current guidelines are based on the best available science, and we anticipate, through our work with the industry and continued monitoring of eagle populations, that they will evolve and become more effective for both protecting eagles and facilitating wind energy projects over time. This collaborative effort currently allows the wind industry and the public an opportunity to comment on the guidance document for a 90 day period.

The Federal Advisory Committee (FAC) did not provide recommendations specific to the protection of eagles, rather it provided recommendations on general wildlife conservation. Because of the very specific restrictions of federal statutes relevant to eagle protection, the FWS has prepared the separate draft Eagle Conservation Plan Guidance. The wind energy industry is encouraged to provide comments on this draft guidance.

The FAC did develop recommendations on a general wildlife conservation program for wind energy. The FAC was advisory in nature, and it brought together its members, representing diverse points of view and expertise. They moved toward a mutually acceptable set of recommendations and this was an important step toward the development of official, federal guidelines for the wind energy industry to minimize impacts on wildlife.

We are confident that we can work effectively in partnership with the wind energy industry, as we have with more long-established industries in the past, to develop infrastructure and technology that ensures both renewable energy development and the achievement of federal requirements for the conservation of eagles and other wildlife.

#### RESPONSES OF HON. KEN SALAZAR TO QUESTIONS FROM SENATOR LEE

*Question 132.* Utah counties have been working with the BLM, other relevant federal agencies, Members of Congress, and the Wilderness Society to create land use legislation, like the legislation passed for Washington County. These would create Wilderness Areas from some of the lands currently protected as WSAs and release others from the WSA designation. These lands may no longer be designated as WSA, but they could be pulled back under a similarly stringent management structure under the Wild Lands policy and undermine good faith efforts of the interested parties to work toward agreement. How do you plan to deal with lands, such as those in Washington County, where the U.S. Congress has specifically elected not to include them in Wilderness Areas?

Answer. Many former WSAs legislatively released by Congress may continue to have wilderness characteristics and fall under the definition of a LWC. When determining whether or not such an area should be managed for wild land characteristics, the BLM will engage in a public planning process and consider the Congressional action as well any other change in circumstances.

*Question 133.* Interior's proposed budget includes \$375 million for BLM, Fish and Wild life Service, and National Parks for additional land acquisition. Coming from a State where the federal government already owns and does not pay taxes on more than 2/3 of our land, this proposal raises some consternation. How many additional acres is the federal government proposing to purchase with these funds? On average, how much does it cost the Department of Interior to maintain an acre of its land? When citizens of Utah already raise concerns over the federal government's inability to adequately maintain the resources and land currently in its possession, and federal funds are vastly overdrawn, how do you justify additional purchases?

Answer. We recognize that there are many competing priorities for limited budget dollars. The funding proposed for federal land acquisition is part of a strategy that reflects the President's agenda to protect America's great outdoors and demonstrates a sustained commitment to a 21st Century conservation agenda. It reflects the strong support for land conservation and the need for additional outdoor recreational opportunities that was voiced by the American public at the 51 America's

Great Outdoors listening sessions held last year. The lands identified for acquisition in the FY 2012 budget request address the most urgent needs for species and habitat conservation and the preservation of landscapes, and historic and cultural resources. They also promote increased opportunities for the public to access land for outdoor recreation, such as hunting, fishing, hiking, and motorized use. Many of these acquisitions will also assist the government in achieving greater management efficiencies, such as managing invasive species across a landscape, conducting law enforcement activities, and reducing right-of-way conflicts. Increased federal land acquisition funding would provide opportunities for willing landowners to protect their property in perpetuity rather than in a way that potentially threatens resources in national parks, wildlife refuges, forests, and other public lands. While seeking full funding for the LWCF, the Administration remains committed to managing and maintaining the lands and resources that the federal government manages.

Interior's acquisition programs work in cooperation with local communities, rely on willing sellers, and maximize opportunities for easement acquisitions. The public is engaged in the planning, development, and conservation of these areas. To formulate the 2012 federal land acquisition priorities, the Department and USDA worked together on a government-wide process—the first of its kind—to coordinate land acquisition and conservation strategies for programs funded by the LWCF using merit-based criteria tied to bureau mission goals. The goal was to collaboratively identify important landscapes and strategically leverage federal resources to conserve them throughout the country. The agencies identified geographic areas in which local, state, tribal, and federal partners share strategic conservation objectives, where collaboration is feasible, and where prompt action can protect important natural and cultural resources. They sought out areas with significant opportunities to leverage additional non-federal funding and to realize economic and community benefits, such as new or enhanced outdoor recreation and outdoor and heritage tourism opportunities from strategic investment in land conservation.

The agencies agreed to focus in twelve geographic areas as well as yet to be defined urban areas:

- California Desert Mediterranean Coast to Desert—California
- Chesapeake—Delaware, District of Columbia, Maryland, New York, Pennsylvania, Virginia, West Virginia
- Connecticut River—Connecticut, Massachusetts, New Hampshire, Vermont
- Crown of the Continent—Idaho, Montana, Wyoming
- Everglades and South Florida—Florida
- Grasslands and Prairie Potholes—Iowa, Minnesota, Montana, Nebraska, North Dakota, South Dakota, Wyoming
- Longleaf Pine—Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Texas
- Lower Mississippi Valley—Arkansas, Illinois, Louisiana, Mississippi, Missouri, Tennessee
- North Woods—Maine, New York, New Hampshire, Vermont
- Pacific Northwest—Alaska, California, Idaho, Oregon, Washington
- Southern Rockies—Arizona, Colorado, Montana, New Mexico, Utah, Wyoming
- Southwest Desert—Arizona, New Mexico
- Urban Areas

Projects may have been given additional weighting during the selection process if they also contributed to conservation objectives in these areas. These criteria include the mission value of the planned acquisition, feasibility of acquiring and operating lands, availability of willing sellers, potential for imminent development of the property, and participation of partners. Some criteria may be more heavily weighted for certain bureaus, such as the value of acquisition for threatened and endangered wildlife in the case of FWS. Additional more specific information regarding bureau land acquisition can be found in the America's Great Outdoors section of the Department's Budget in Brief, found at <http://www.doi.gov/budget/2012/12Hilites/DH003.pdf>, and in bureau specific Budget Justification material found on the Department's Office of Budget website, <http://www.doi.gov/budget/>.

*Question 134.* What is the average value of an acre of the land owned by the Department of Interior?

Answer. As a general rule value is only determined for lands owned by the Department if those lands have been identified for exchange or disposal because they meet certain criteria making them eligible for disposal. Therefore there is no average cost and each parcel is evaluated separately for its FMV through established appraisal procedures.

*Question 135.* Oil and natural gas companies have indicated that more than \$3.9 billion of investment in oil and natural gas has fled the West primarily because of frustration and dissatisfaction with the federal permitting process. And yet, Interior's proposed budget seems to further undercut Western oil, natural gas and coal production through the institution of hundreds of millions of dollars of inspection and permitting fees for oil, gas, coal, and mineral sites. Does the Department plan to offer any increase in benefits for these increased fees? Will this speed up the lengthy permit process? Will it speed up the lengthy environmental process that currently keeps companies from moving forward on the leases in their possession? Why is the Administration singling out essentially the only profitable part of your Department?

Answer. The Administration believes in encouraging sustainable domestic oil and gas production while ensuring a fair return to taxpayers. The President's budget includes legislative proposals to charge new fees that will encourage production and offset the costs of managing federal mineral programs. Collectively, these proposals increase the return to taxpayers on federal mineral resources and will not affect the time necessary to complete environmental reviews.

*Question 136.* It is my understanding that you have placed a time out on uranium mining in an area known as the Northern Arizona Uranium District and are considering withdrawing these lands from mineral entry and claiming processing. How can you justify taking this large uranium reserve off the table when there are looming worldwide shortages, which have already driven up prices of uranium from \$40 to \$70 in the last year and would cost the area billions of dollars in lost economic activity and more than a thousand jobs?

Answer. In July 2009, Secretary Salazar proposed the withdrawal of nearly one million acres of federal lands in the Arizona Strip, managed by BLM, and the Kaibab National Forest, managed by the USFS, from location and entry under the Mining Law of 1872 for up to 20 years, subject to valid existing rights. Notice of the Secretary's proposal was published in the Federal Register on July 21, 2009, which resulted in the segregation of those lands from location and entry under the Mining Law, subject to valid existing rights, for up to two years. This segregation from new mining claims is intended to allow the Department to gather the best science available, engage the public, and make an informed decision about whether lands in the watershed should be withdrawn from new mining claims. In February 2011 the Department announced the preparation of a Draft Environmental Impact Statement (EIS) and a schedule for seeking public comment on a proposal to withdraw lands in the Grand Canyon watershed that would affect uranium and other hardrock mineral development in that area. Public meetings were held in early March in Arizona and Utah, and the input gathered at these meetings and from public comments on the Draft EIS will be used to inform the Department's final decision on the withdrawal.

*Question 137.* Last summer, Department of Interior conducted "listening sessions" on the Administration's "America's Great Outdoor Initiative." How did you get word out about these listening sessions? I have heard that some in the recreation community received notice of the sessions only days in advance, making it nearly impossible for them to adequately participate. I have also heard that some in the environmental community were given advanced notice of the sessions so they would have additional time to get participants to the event. Is this true?

Answer. The Administration—including the Department, the Environmental Protection Agency, the Department of Agriculture, and others—carried out unprecedented outreach on this initiative, including 51 listening sessions throughout the country, 21 youth listening sessions, and seven sessions for Tribes and Tribal youth. Thousands of invitations went out to participants from a broad range of recreation interests—motorized (snowmobilers, OHV, ORV, ATV, motorcyclists), non-motorized (bicycling, hiking, mountain climbing, canoeing, kayaking, hunting and fishing), as well as organized sports (soccer, football, etc.). In some cases, the sessions were announced a relatively short time before they were held, due to the challenge of organizing such a large number of listening sessions around the country on a short timeline; recreation stakeholders received the notices at the same time as other stakeholders. We also heard from parents and teachers, conservationists, civic leaders, business owners, state and local elected officials, tribal leaders, farmers and ranchers, historic preservationists, and thousands of young people under the age of 25; people from all ethnic groups, ages and political affiliations shared their passion for our country's great natural and cultural heritage. The sessions resulted in more than 100,000 comments and ideas, many of which have been made publicly available, along with other information, on the AGO website, found at [www.americasgreatoutdoors.gov](http://www.americasgreatoutdoors.gov).

This diverse representation of stakeholders resulted from our concerted effort to disseminate listening session information as broadly as possible—including through email, websites and local papers. At all of the sessions, senior members of the Administration would speak briefly on their agencies' involvement and interest in the AGO initiative. In about a quarter of the sessions, we invited local or regional people to share their expertise on subjects that were important to that region and important for the agencies to understand. The formats of listening sessions were also intentionally varied to capture different viewpoints and expertise. These perspectives gave those Administration officials working on the AGO initiative a much deeper sense of the challenges and opportunities for conservation and outdoor recreation that exist across this great country.

*Question 138.* This year, the Cuban Government plans to begin drilling in the Gulf of Mexico close to the Florida coast and in the Gulf stream. Are you confident that their drilling contracts will have the same or greater technologies than employed in American waters? What are you doing to protect U.S. shorelines from any potential disasters? Does Cuban production have the potential of draining U.S. reserves?

*Answer.* Given the relatively sparse contact between U.S. and Cuban government officials, there is a paucity of information regarding Cuba's plans and capacity for regulating offshore oil and gas development. While the Administration has taken steps to ease some restrictions on U.S. citizen travel to Cuba, and recognizes that a certain level of scientific and technical cooperation with Cuba may be within U.S. interests, the State Department remains cautious about any cooperative activities and retains a strong interest in reviewing and clearing on any engagement with the Cuban government or associated entities on a case by case basis.

It is not clear what the scope of Cuba's exploration will be, nor what environmental and safety measures will be implemented by Cuba if and when they drill. Without an effective exchange of information between the U.S. and Cuba governments, BOEMRE and other federal agencies are unable to thoroughly assess risks associated with drilling by Cuba. We do know that the Spanish oil company Repsol holds the rights to drill in Cuban waters and plans to begin drilling this summer. Repsol is active in the Gulf of Mexico and is familiar with both U.S regulatory requirements and industry best practices.

BOEMRE has not conducted any analysis that would provide information on the potential for transboundary reservoirs.

*Question 139.* Why is the National Park Service taking the lead on determining releases from the Glen Canyon Dam instead of the Adaptive Management Program?

*Answer.* The Bureau of Reclamation is responsible for the operation of Glen Canyon Dam pursuant to its authority, including the scheduling of releases in cooperation with the Western Area Power Administration. The process for determining dam operations includes coordination within the Department of the Interior and with other members of the Adaptive Management Program, including the NPS, who collectively make recommendations to the Secretary of the Interior.

The Adaptive Management Program was developed to provide an organization and process for cooperative integration of dam operations, downstream resource protection and management, and monitoring and research information, as well as to improve the values for which the Glen Canyon National Recreation Area and Grand Canyon National Park were established.