

**STATEMENT OF
KATHLEEN CLARKE
DIRECTOR, BUREAU OF LAND MANAGEMENT
U.S. DEPARTMENT OF THE INTERIOR
HOUSE RESOURCES SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES
OVERSIGHT HEARING ON OIL AND GAS RESOURCE ASSESSMENT METHODOLOGY
APRIL 18, 2002**

Madam Chairman and Members of the Subcommittee, thank you for the opportunity to appear here today to discuss oil and gas resource assessments, and the Energy Policy and Conservation Act (EPCA) study, in particular. I want to thank you, Madam Chairman, for your leadership as well as that of your Subcommittee, in directing the EPCA scientific inventory.

I am accompanied by Erick Kaarlela, the Bureau of Land Management's (BLM's) National Energy Office Director and Suzanne Weedman, the U.S. Geological Survey's Energy Resources Program Coordinator. Erick and Suzanne have been involved with the EPCA effort since its inception and they are here to assist in answering your questions.

National Energy Policy Implementation

As this Subcommittee knows well, the nation's Federal lands contain a large portion of U.S. energy resources. In order to provide for our nation's vital and growing energy needs, the Department of the Interior, and the BLM in particular, are working hard to fulfill our important responsibilities in implementing the President's National Energy Policy. Over a quarter of the President's energy policy recommendations specifically relate to one or more of the BLM's energy, mineral, and planning-related responsibilities. To systematically carry out the President's policy and goals, the BLM has identified more than 40 tasks to facilitate domestic production and transmission of both renewable and non-renewable energy resources, while ensuring environmental protection.

Recognizing that portions of Federal onshore lands are off-limits to energy development or are open only to limited development, the President's policy included a specific recommendation for the Department of the Interior to review its land status and lease stipulations regarding oil and gas development on Federal lands. In addition, the policy directed the Department – consistent with existing laws, sound environmental practices, and balanced use of other resources – to look for potential modifications to foster oil and gas development and production. As part of these efforts, the Department also was directed to ensure full and meaningful consultation with the public, particularly with local communities, while reviewing the information and considering possible modifications. The ongoing EPCA inventory of oil and gas resources and reserves and their access impediments was specifically highlighted to be expedited by the involved Federal agencies as part of the President's National Energy Policy directives.

EPCA Study

Since enactment of the Energy Policy and Conservation Act Reauthorization of 2000, the Department of the Interior has been working expeditiously to complete the EPCA study requirements and comply with the Congressional directive. The BLM, as lead agency of the effort, is working closely with the U.S. Geological Survey (USGS), U.S. Forest Service (USFS), the Department of Energy (DOE), and DOE's Energy Information Administration (EIA), to produce a scientific inventory of the oil and gas resources and reserves underlying onshore Federal lands and to identify the extent and nature of any restrictions or impediments to their development. An interagency EPCA Steering Committee composed of senior staff of each agency was created to ensure an effective process for close coordination and collaboration between the participating agencies.

EPCA Methodology

Scope / Outreach

Early discussions among the interagency EPCA Steering Committee focused on the scope of the study. This included identifying current information and ongoing efforts, integrating the various agency roles and functions, developing common approaches and consistent methods for reserve and resource determination, and identifying the top priority geographic areas for study and analysis. The group also made an initial inventory of the nation's oil and gas resources and reserves on Federal lands and determined those basins of greatest oil and gas development potential for further analysis.

An important aspect of the initial development of the EPCA project was gathering feedback from interested parties. As the EPCA effort progressed, meetings were held with the oil and gas industry, the environmental community, and Congressional staff regarding the initial efforts of the project and the plan for completing the inventory.

Agency Responsibilities & Inventory Approach

Each agency involved in the EPCA inventory project has specific responsibilities associated with the study. The BLM is supplying Federal land status and oil and gas lease stipulation information from existing Resource Management Plans. The USFS is supplying lease stipulation information from their Forest Plans. The USGS is contributing the undiscovered oil and gas resource data and is working to update these data in support of the EPCA inventory. The EIA, meanwhile, is contributing proven oil and gas reserves data.

The methodology adopted was first to have the USGS and EIA utilize their expertise in resource and reserve estimation in making the required initial inventory of resources. Next, the BLM and USFS would conduct inventories of the various impediments to and restrictions on development on Federal lands. Using the information provided through these first two steps, and utilizing Geographical Information Systems and other advanced computer technologies, the group is able to map the amount of resources and reserves that are associated with the identified restrictions and impediments. These areas then are characterized according to the degree to which the restrictions and impediments may affect development.

Geographic Priorities

The interagency EPCA Steering Committee identified five basins within the Rocky Mountain Region as the priority geographic areas for study. They are the Powder River, Green River, Uinta/Piceance, and San Juan/Paradox Basins, and the Montana Thrust Belt. The selection of these priority basin areas was based on industry interest, USGS resource potential ranking, EIA reserve ranking, and the BLM and USFS oil and gas need analysis. In response to the President's National Energy Policy directive to expedite the EPCA study, we decided to perform the analysis for each basin concurrently.

Contractor Involvement / Schedule

To achieve the data collection and analysis, a contract was issued in December 2001 to a private contractor, Advanced Resources International (ARI), to perform required work for the EPCA study. ARI also brought in Premier Data Services as a subcontractor to aid in the data collection phase. Work on the EPCA project is proceeding on schedule to meet Congress' mandate for completion of the EPCA report by the end of this year.

Use of EPCA Inventory Information

It is important to point out that the EPCA study is not a "decision" document. All information gathered as a result of the EPCA effort will be analyzed and, as appropriate, integrated into the BLM's ongoing land use planning efforts, which include extensive public participation. By integrating the information into the BLM's planning process, additional opportunities are available for the public to provide comments and recommendations on the specific application of the information. In no case will any recommendations made as a result of these studies preclude full compliance with statutory environmental review and protections, including the National Environmental Policy Act.

As the information becomes available from the EPCA inventory, the BLM plans to analyze the data for opportunities to improve the Bureau's management of the oil and gas resources on Federal lands. Direction will be provided to BLM Field Offices on how best to apply the EPCA information to facilitate environmentally-responsible development of oil and gas resources, both in the BLM's land-use planning process and the daily management of the public lands and its resources. This analysis and the development and consideration of potential modifications is one of the BLM's critical tasks in implementing the President's National Energy Policy directives.

It should be emphasized that as the BLM works on reviewing the EPCA information and considers potential land-use planning modifications, we will continue to abide by the Federal Land Management and Policy Act's principles of multiple-use, sustained yield, and environmental protection. These are standards to which the BLM is completely committed. The BLM will only consider opportunities to increase access to oil and gas resources while still maintaining multiple-use values, including surface and subsurface resource values (such as aquifers and other minerals), and appropriate environmental protection.

The BLM will review the EPCA inventory's findings regarding land status and lease stipulations, and analyze their effects on the availability of oil and gas resources for development. Data from the EPCA inventory will be used to evaluate potentially overly-restrictive impediments to determine if alternative methods are available that can still provide comparable and sound environmental protections. As directed by the President's National Energy Policy, any potential modifications must be consistent with existing laws, good environmental practice, the balanced use of the other resources and performed with full public participation, especially at the local level.

Public Outreach

As mentioned, public participation is a critical part of the EPCA project. In March, the BLM held a productive National Energy Plan Outreach Meeting in Denver, Colorado, to gather input from all interested parties on the more than 40 tasks associated with the BLM's implementation of the President's National Energy Policy. The outreach meeting was well-attended by representatives from environmental groups, industry, the general public, as well as State and other Federal agencies.

As part of the outreach meeting, a presentation on the EPCA study and use of the EPCA inventory was conducted. The BLM requested specific comments from participants on how to make the EPCA project responsive to the needs of our stakeholders. The BLM is currently reviewing and evaluating comments for possible application to its efforts to implement the President's National Energy Policy. The BLM is planning additional outreach meetings to solicit further comments and recommendations for consideration related to its implementation of the President's National Energy Policy, including its efforts related to the EPCA project.

Conclusion

The BLM is committed to fulfilling its role in diversifying America's energy supplies and ensuring the environmentally-responsible production and distribution of our nation's energy resources. The EPCA inventory project is a key component in our efforts to fulfill these responsibilities and to implement the President's National Energy Policy in order to continue to provide a secure energy future for our country.

Madam Chairman, thank you for the opportunity to testify before you today. We welcome any questions the Subcommittee may have.