

Statement of  
Jim Hughes, Acting Director  
Bureau of Land Management  
U.S. Department of the Interior  
Before the  
House Natural Resources Committee  
Subcommittee on Energy and Mineral Resources  
Oversight hearing on the FY 2008 Budget Request  
of the Bureau of Land Management  
February 27, 2007

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to appear here today to discuss the Fiscal Year (FY) 2008 President's Budget Request for the Bureau of Land Management (BLM).

**Budget Overview**

With enactment of the FY 2007 Joint Resolution, the BLM now has a full year appropriation of \$1.76 billion, not including additional funds that will be provided for 50 percent of the January 2007 pay raise. Based on direction in the Joint Resolution we are preparing a detailed operating plan for FY 2007. We are not at liberty to disclose the details of the operating plans until they are approved and submitted to Congress on March 17. At that time we will be able to provide comparisons at the program level with the 2008 budget request.

The comparisons in our FY 2008 budget are with the third 2007 continuing resolution, which was in effect through February 15 of this year. Throughout this testimony the comparisons will be on that basis.

The BLM's FY 2008 Budget request is \$1.812 billion for the BLM's major appropriations, including the Management of Lands and Resources, Oregon and California Grant Lands (O&C), Construction, Land Acquisition, Miscellaneous Trust Funds, and the Department of the Interior's Wildland Fire Management Appropriation. This represents an increase of \$57.8 million above the 2007 continuing resolution level. When permanent accounts are included, the BLM's total budget request is about \$2.012 billion.

The budget proposes several programmatic decreases totaling \$36.6 million, which include \$3 million for the Cultural Resources Management program; \$4.7 million in the Wild Horse and Burro Management program; \$3 million for Resource Management Planning program; \$4.3 million for Deferred Maintenance program; and, \$5 million in the O&C Grant Lands Appropriation. Cost savings totaling nearly \$10 million are achieved by consolidating and streamlining BLM's information technology functions, implementing changes in BLM's management structure to improve efficiency, and reducing travel costs. In part, these reductions take into account savings that can be achieved due to past programmatic accomplishments; however, they also reflect the need to shift funding from lower priority activities to higher priorities such as the Healthy Lands Initiative.

## **Background**

The Bureau of Land Management is dedicated to ensuring that the American people – regardless of where they live – benefit from the agency’s multiple-use mandate. As stewards of 258 million acres, the BLM manages these public lands in accordance with the 1976 Federal Land Policy and Management Act. These public lands contain myriad resources and provide for a variety of our Nation’s needs, including outdoor recreation, domestic energy, wildlife habitat, livestock grazing, timber, and other natural, cultural, and historical resources. With the rapid population growth in the west – from nearly 20 million people in 1950 to more than 60 million today – the pressures to meet complex, and sometimes competing, demands for public land resources also has grown exponentially.

In ever increasing numbers, the American public has turned to BLM-managed public lands for recreation. We also have important responsibilities in managing for critical wildlife habitat, cultural resources, our National Monuments, and wilderness values, to name a few. In providing an appropriate mix of both renewable and conventional energy supplies from the public lands, the BLM contributes to a more secure and reliable energy future for our country.

As one of the Nation’s oldest land management agencies, the BLM also delivers value on a daily basis to the American public. Each dollar spent by the taxpayer on BLM activities is an investment, not only in the land, but also in an ongoing revenue stream. The BLM is an important source of revenue to the Treasury. Royalties collected from energy leasing, and fees collected from grazing permits and timber sales, among others, all serve to benefit the taxpayer. In 2008, public lands will generate an estimated \$4.5 billion in revenues, mostly from energy development. Approximately 44 percent of these receipts are provided directly to States and counties to support roads, schools, and other community needs.

The President’s FY 2008 budget proposal will enable the BLM to fulfill its multiple-use mission in the most effective and efficient way possible. In particular, the President’s budget advances the Agency’s top priorities in the upcoming fiscal year, which are to:

- Maintain or restore the health of the land and enhance vital habitat;
- Provide the Nation with dependable, affordable energy developed in an environmentally-sound manner; and
- Improve the efficiency of the BLM’s operational and administrative functions.

## **Healthy Lands Initiative**

The President’s FY 2008 budget proposal includes an increase of \$15 million over the FY 2007 Continuing Resolution in support of the Department of the Interior’s Healthy Lands Initiative (Initiative). The Initiative represents a new concept for meeting emerging challenges in managing natural resources with flexible, landscape-level approaches for continued multiple-use. Landscapes are land areas composed of diverse habitat types that include winter range and migration corridors.

Land health is being affected by pressures such as community expansion, wildfires, unprecedented demands for energy resources, ever-expanding recreation uses, and weed invasion. These pressures often interact among themselves to affect large landscapes and ecosystems, particularly those in the growing wildlife-energy interface.

A different management approach is urgently needed to meet these challenges. Taking aggressive steps now will help avoid the need for future restrictions on uses of public land that would directly affect the Nation's economy and quality of life.

The goals of the Initiative are to:

- Continue to provide access to energy resources, thereby enhancing energy security;
- Manage landscapes to ensure sustainable habitat for wide-ranging species, such as the sage grouse, and prevent future ESA listings; and
- Sustain public lands and wildlife habitat, and traditional activities on public lands.

The BLM will begin aggressive, landscape-scale habitat enhancement projects in six geographic areas: southwest Wyoming; northwest and southeast New Mexico; south-central Idaho; southwestern Colorado; Utah; and the three-corner area of Idaho, Oregon, and Nevada.

The Bureau will concentrate a large number of treatments in each emphasis area, resulting in significant improvements to habitat in an entire watershed or landscape-wide area within one to three years. The BLM will also utilize \$8 million in other BLM funds, as well as leverage funding with other Federal agencies and our partners at the state and local levels.

#### The Green River Basin in Wyoming

One of the six priority areas of the Healthy Lands Initiative is the Green River Basin in Wyoming. It is representative of areas in the West where landscapes and habitats are undergoing changes in response to pressure from multiple-use. Southwest Wyoming possesses some of the most diverse wildlife habitats in the Intermountain West, which attracts hunters, fishermen, and other outdoor enthusiasts each year. While these interests represent important sources of income for surrounding rural communities, this region, principally the Green River Basin (Basin), is also under pressure from natural gas development. The 15 million-acre Basin, characterized by sagebrush (sage grouse habitat), mountain shrub, aspen, and riparian communities, also has an estimated 83 trillion cubic feet of recoverable natural gas.

The BLM together with the Fish and Wildlife Service and U.S. Geological Survey, are teaming up to protect these important habitats while natural gas production takes place in the Basin through the Wyoming Landscape Conservation Initiative (WLCI). Rather than conducting separate and uncoordinated impact studies and mitigation efforts, these partners will:

- Conduct efficient, science-based species monitoring and habitat enhancement;
- Facilitate best reclamation and mitigation practices for areas affected by current natural gas development;
- Integrate existing data with new knowledge and technologies to forecast future development of energy resources and assist in habitat conservation planning; and
- Conduct habitat enhancement in all habitat types with a special focus on sagebrush, mountain shrub, aspen, and riparian communities.

The partnership, which also includes efforts underway by the National Park Service, Bureau of Reclamation, Forest Service, and Wyoming Game and Fish, will also provide a broader understanding of the valuable Green River Basin ecosystem.

By using this landscape-level approach and using the WLCI partnership, the Bureau expects to be able to leverage funding for key projects that will mitigate the pressures these habitats face from a combination of energy, industrial, and residential development in both the short- and long-terms. In Wyoming, partners have already identified funding priorities including vegetation treatments (sagebrush, aspen trees), water projects such as building or restoring water sources for wildlife, and improving riparian areas. Funding for the WLCI will be long-term and include leveraging funding with other Federal agencies and our partners at the state and local levels.

### **Energy Initiatives**

BLM's FY 2008 Budget will continue to address America's energy needs by facilitating environmentally-sound energy development on public lands. The budget builds upon the significant prior year funding increases to the Energy and Minerals program budget, including those proposed in the FY 2007 President's Budget. These increases will enable the BLM to continue to support implementation of the Energy Policy Act of 2005 and to support the goals of the National Energy Policy for increasing domestic energy supplies.

The FY 2008 President's Budget request includes an increase of \$3.1 million to support increased oil and gas inspections and monitoring to better ensure that oil and gas operations are conducted in an environmentally-sensitive manner and that leasing permit terms are enforced. This increase is necessary so that the BLM's oversight capabilities can match the pace of industry's on-the-ground operations. Additionally, the BLM is implementing two innovations that will both increase the efficiency of Inspection and Enforcement (I&E) functions and result in cost savings.

The Remote Data Acquisition for Well Production (RDAWP) Project will provide the BLM up-to-date wellhead production data by way of direct downloads from wellhead flow meters to a secure web-based server. The objective of this project is to provide the BLM with the ability to perform production verification accounting tasks more efficiently, and to reduce the production verification workload. Currently, production verification is time consuming because it is performed using hard copies of production reports. RDAWP will allow "real-time" access to production data collected at specific points within a producing oil and gas lease. In addition, the BLM will have a rapid means of cross-checking production data that has been rectified and provided by the Minerals Management Service (MMS) with the known equipment located at the lease. The initial benefits of RDAWP should be an incremental increase in processed production verification capabilities, and increased accuracy of royalties recovered.

Another innovative inspection tool the BLM is adding to its I&E capabilities is the Automated Fluid Minerals Support System (AFMSS) Handheld Inspection Capability. These handheld data capture units will provide field inspectors access to inspection information and associated agency computing capabilities while in the field, improving inspection efficiency, and productivity.

The BLM's land use planning process seeks to ensure that domestic oil and gas development on public lands is done in a way that protects the environment. For example, the BLM recently issued an innovative Resource Management Plan (RMP) for limited, environmentally-sensitive

oil and gas development on public lands in Otero and Sierra Counties in New Mexico. It is one of the most restrictive plans ever developed for oil and gas leasing on Federal lands.

The plan will allow strictly regulated and carefully monitored activity, leading to a maximum surface disturbance of only 1,589 acres from well pads, roads and pipelines – less than one-tenth of one percent of the total surface area of 2 million acres. At most, there will be 141 exploratory wells drilled, resulting in up to 84 producing wells. Almost 36,000 acres of grasslands with the highest potential as habitat for the endangered Aplomado falcon will be closed to leasing and permanently protected. In addition to these measures and overall limits on development, leasing will not be allowed in six existing and eight proposed Areas of Critical Environmental Concern and four Wilderness Study Areas—bringing the total number of protected acres to 124,000. This new plan amends a 1986 RMP that would have allowed leasing with few restrictions on oil and gas activities, would have used standard lease terms and conditions for leasing, and would not have provided the protections for grasslands and other sensitive areas developed in the BLM’s current plan amendment.

### **Recreation**

Along with the BLM’s Healthy Lands Initiative, the BLM is participating in the new “Take it Outside” campaign to reconnect America’s families to the great outdoors. Our goal is both to increase an appreciation for the wonderful world of nature and address problems of physical and mental health brought on by inactivity.

Opportunities for physical and educational experiences and activities abound through the discovery and exploration of public land adventures. By engaging children through their schools, youth groups, and families, we hope to increase outdoor activities for all families and children, including the growing numbers who call the public lands their backyards. In our strategy, which is in the process of being finalized, our hope is to:

- Connect children to nature through schools and an educational program using the BLM’s existing Environmental and Heritage Education programs;
- Create and promote outdoor activities which encourage family-friendly recreation; and,
- Engage children in nature through volunteer and public service opportunities on public lands.

### **Efficiency Improvements**

The BLM is aggressively focusing on the effective stewardship of our resources – funding, employees, and assets – to ensure that they are used wisely and responsibly. The agency will undertake a series of actions to promote a more effective and efficient organization, including:

- Establishing a set of broad-ranging management concepts to maintain the agency’s core mission;
- Creating consistently structured state organizations made up of a state office, district offices, and field offices;
- Establishing a National Operations Center in Denver that consolidates the existing business functions already located there, thus providing greater support to the field because of its proximity to the majority of Rocky Mountain offices; and

- Taking advantage of technological improvements to centralize functions in information technology and human resources.

Mr. Chairman, thank you for the opportunity to testify on the BLM's FY 2008 Budget Request. I will be pleased to answer any questions you may have.