

**Statement of
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**Before the
House Committee on Appropriations
Subcommittee on Interior, Environment, and Related Agencies**

**Hearing on the FY 2012 Budget Request
Of the Bureau of Land Management**

March 10, 2011

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to appear here today to discuss the President's Fiscal Year (FY) 2012 budget request for the Bureau of Land Management (BLM).

The BLM, an agency of the U.S. Department of the Interior (DOI), is responsible for protecting the resources and managing the uses of our Nation's public lands, which are located primarily in 12 western States, including Alaska. The BLM administers more land – over 245 million surface acres – than any other Federal agency. The BLM also manages approximately 700 million acres of onshore subsurface mineral estate throughout the Nation. The BLM's unique multiple-use management of the public lands is accomplished by managing such activities as outdoor recreation, livestock grazing, mineral development, and energy production, and by conserving natural, historical, cultural, and other resources.

Meeting Our Nation's Needs

The BLM is a sound investment for America. Management of public land resources and protection of public land values results in extraordinary economic benefits to local communities and to the Nation. The BLM's management of public lands contributes more than \$100 billion annually to the national economy and supports more than 500,000 American jobs. Revenues generated from the public lands make the BLM one of the top revenue-generating Federal agencies, positively affecting the U.S. Treasury, and directly benefiting the U.S. taxpayer.

A key component of these economic benefits is the BLM's contribution to America's energy portfolio. The BLM expects its onshore mineral leasing activities to contribute \$4.3 billion to the Treasury in Fiscal Year 2012. The BLM currently manages more than 41 million acres of oil and gas leases, although less than 30 percent of that acreage is currently in production. More than 114 million barrels of oil were produced from BLM-managed mineral estate in Fiscal Year 2010 (the most since Fiscal Year 1997), and the almost 3 billion MCF (thousand cubic feet) of natural gas produced made 2010 the second-most productive year of natural gas production on record. The coal produced from nearly a half million acres of federal leases powers more than one-fifth of all electricity generated in the United States.

The BLM is also leading the Nation toward the new energy frontier with active solar, wind, and geothermal energy programs. The BLM has proposed 24 Solar Energy Zones within 22 million

acres of public lands identified for potential solar development, and in 2010 approved nine large-scale solar energy projects. These projects will generate more than 3,600 megawatts of electricity, enough to power close to 1 million homes, and could create thousands of construction and operations jobs. Development of wind power is also a key part of our Nation's energy strategy for the future. The BLM manages 20 million acres of public lands with wind potential; currently, there are 437 MW of installed wind power capacity on the public lands. Geothermal energy development on the public lands, meanwhile, accounts for nearly half of U.S. geothermal energy capacity.

Energy production is not the only way in which the BLM contributes to local communities and the national economy. The combined economic impacts of timber-related activities on BLM-managed lands, grazing-related activities, and activity attributable to non-energy mineral production from BLM-managed mineral estate total more than \$5 billion each year. Recreation on public lands also provides major economic benefits to local economies and communities. In 2010, more than 58 million recreational visits took place on BLM-managed lands and waters, contributing billions of dollars to the U.S. economy. The diverse recreational opportunities on BLM-managed lands draw crowds of backpackers, hunters, off-road vehicle enthusiasts, mountain bikers, anglers, and photographers. In an increasingly urbanized West, these recreational opportunities are vital to the quality of life enjoyed by residents of western states, as well as national and international visitors.

FY 2012 Budget Overview

The BLM's FY 2012 budget proposal reflects the Administration's effort to maximize public benefits while recognizing the reality of the current fiscal situation and the need to reduce the Nation's budget deficit. The proposed budget for the BLM makes strategic investments in support of important Administration and Secretarial Initiatives – including America's Great Outdoors, the New Energy Frontier, Cooperative Landscape Conservation, and Youth in the Great Outdoors. Investments in these programs today will reap benefits for years to come.

The BLM's total FY 2012 budget request is \$1.13 billion in current authority, one percent and \$12.0 million below the 2010 enacted/2011 continuing resolution level. The budget proposes \$933.8 million for the Management of Lands and Resources Appropriation and \$112.0 million for the Oregon and California Grant Lands Appropriation, the BLM's two main operating accounts. This represents a net decrease of \$25.3 million for these two accounts from the FY 2010 enacted/2011 CR level. While making strategic program increases of \$93.3 million for high-priority initiatives, the budget offsets funding increases for these priorities by implementing \$25.5 million in information technology and administrative and management savings; shifting \$42.4 million in energy and minerals inspection costs to industry; and reducing funding for lower priority programs. The budget also includes several important legislative proposals, including proposals to change the management of hardrock mining, collect fees to be used to remediate abandoned mines, charge a fee on new nonproducing oil and gas leases to encourage diligent development, extend expiring grazing permits, and reauthorize the Federal Land Transaction Facilitation Act and Service First authorities.

It also should be noted that engaging with partner organizations and volunteers in the management of the public lands has been and will continue to be crucial to the BLM's ability to

fulfill our diverse mission and many responsibilities. Partnerships and volunteers are even more critical in lean budget times, such as those we are in now. Through partnerships with organizations and local communities, and through the generosity of volunteers, we effectively leverage our resources, and expand our ability to meet our public land management goals. Partnerships also help to foster a sense of stewardship and community for the people most closely connected to those lands.

America's Great Outdoors

In the rapidly urbanizing west, the BLM public lands are the backyard for over 40 million Americans living in more than 4,000 nearby cities and communities. Over 100 million acres of BLM-managed public lands are within a day's drive of 16 major urban areas. As steward of many of America's spectacular landscapes and some of its rich cultural and natural heritage, and given the proximity of the public lands to these population centers, the BLM is in a unique position to contribute significantly in advancing the President's initiative to reconnect Americans and our youth to the outdoors. The AGO initiative promotes the BLM's multiple-use mission by expanding opportunities for recreation activities – including hunting, fishing, and off-road vehicle use – while enhancing the conservation and protection of BLM-managed lands and resources. All of these activities have a place at the multiple-use table and strengthen the BLM's connection to western communities and to visitors to the public lands.

The BLM's FY 2012 budget request includes \$29.9 million in programmatic increases for the AGO Initiative in the operating accounts. Of this amount, \$15.0 million will be used by the National Landscape Conservation System (NLCS); \$7.0 million will be used in the Recreation Management program; and \$7.9 million will be used in the Cultural Resource Management program. The land acquisition account includes a \$20.4 million increase for priority land acquisition. Many of these land acquisition projects will provide access to popular recreation areas, and others will preserve natural resources and landscapes and protect irreplaceable cultural and historic sites.

National Landscape Conservation System – The BLM's National Landscape Conservation System totals more than 27 million acres of public land that are designated by Acts of Congress or Presidential proclamations. These areas are managed to conserve, protect, and restore their conservation values, while allowing for appropriate multiple uses. NLCS units include National Monuments and National Conservation Areas, Wilderness Areas, Wilderness Study Areas, Wild & Scenic Rivers, and National Scenic & Historic Trails. The NLCS areas are very diverse, from red-rock deserts to rugged ocean coastlines, from deep river canyons to broad Alaskan tundra. Many areas are remote and wild while others are surprisingly accessible.

The NLCS supports local communities and economies in a variety of ways. Approximately one-third of recreation use of BLM lands occurs within units of the NLCS. These NLCS units include over 2,700 recreation sites and 22 visitor centers, serving 13 million annual visitors. Just outside of Las Vegas, Nevada, the extremely popular Red Rock Canyon National Conservation Area is visited by over 1 million people each year. These visitors generate over \$1.7 million in recreation fees, all of which are re-invested at the local site, and have an additional positive impact on the surrounding tourist economy. Rather than building extensive facilities within the NLCS, the BLM supports the creation of recreation facilities in nearby local communities. In

New Mexico, for example, the BLM is working with the Las Cruces Museum of Nature and Science to locate a small visitor center within the city museum. The visitor center will provide educational opportunities about BLM-managed resources at the nearby Prehistoric Trackways National Monument, while tourism supports the local economy. In addition to recreation, the NLCS supports scientists making new discoveries, protection of critical habitat for threatened and endangered species, and protection of nationally significant cultural resources.

The proposed budget's \$15.0 million increase for the NLCS provides \$9.2 million for the National Monuments and National Conservation Areas program. Major priorities for the increased funding include expanding law enforcement capabilities to protect visitors and the natural resources; developing interpretive and environmental education products and programs to enhance visitors' understanding and appreciation of the resource values; and enabling scientific research that will enhance the Bureau's understanding of significant natural and cultural resources and facilitate better informed management strategies. The proposed budget includes increases of \$2.0 million for the National Scenic & Historic Trails program, \$2.0 million for the Wild & Scenic Rivers program, and \$1.8 million for the Wilderness Management program.

Recreation Management – BLM-managed lands provide a broad range of recreation opportunities such as hunting, camping, fishing, hiking, boating, horseback riding and shooting sports, and can accommodate many motorized activities, extreme sports, and special events. Western communities consider these activities an essential component to their economies and their quality of life. The BLM manages more than 600 Special Recreation Management Areas, along with over 3,500 primitive and developed recreation sites, campgrounds, day-use areas and other facilities, and 40 major visitor centers and visitor contact stations. Over 95 percent of BLM-managed lands and recreational areas are free to the public. The BLM also manages 15,000 miles of recreation use trails and another 98,000 miles of Back Country-Scenic Byways and public access roads and routes, and oversees 3,400 commercial and competitive use permits and concessions, supporting thousands of businesses and communities across the West.

The proposed \$7.0 million Non-NLCS budget increase for BLM recreation management will be used to improve visitor health and safety by improving operations at high-demand and urban growth-impacted recreation areas, address off-highway vehicle management, and support various other initiatives such as stewardship education and youth programs, the Visual Resource Management program, and visitor use monitoring efforts. Funds will also be used to expand partnerships that leverage resources and promote volunteerism, such as outdoor programs for disabled children and for wounded warriors (veterans).

Cultural Resource Management – The budget's proposed increase of \$7.9 million for the BLM's cultural resource management program (Non-NLCS) will be used to implement conservation strategies and partnerships to manage nationally significant cultural and paleontological resources. The BLM will use \$3.2 million of the increase for enhancing conservation and management actions to inventory, stabilize, monitor, and study cultural resources; facilitating partnerships that support community resource stewardship; and digitizing the inventory so that compliance reviews can be streamlined at a significant cost-savings. The BLM will use an additional \$2.0 million of the increase to enhance partnerships with state, local, and tribal governments, and with non-profit museums and universities that curate artifacts and

specimens from the public lands. The remaining \$2.6 million will be used for enhancing other cultural resource management activities.

Land Acquisition – Input from the America’s Great Outdoors nationwide public listening sessions indicated that full funding of the Land and Water Conservation Fund (LWCF) program is a high priority. BLM’s total budget request for the LWCF land acquisition program is \$50.0 million, an increase of \$20.4 million over the FY 2010 enacted/ 2011 CR funding level. The increase helps BLM contribute to the Administration’s goal of fully funding the Land and Water Conservation Fund at \$900 million in 2012. The Budget funds 19 acquisition projects in eight states that will, at a landscape or ecosystem level, provide access to public lands; improve river and riparian conservation and restoration; conserve or protect wildlife habitat; preserve open spaces; provide for historic and cultural preservation; and create opportunities for public recreation. The BLM works with other federal agencies and multiple state, tribal, and local governments and non-governmental partners in determining the most critical lands to propose for purchase.

New Energy Frontier

The New Energy Frontier initiative recognizes the value of environmentally-sound, scientifically-grounded development of both renewable and conventional energy resources on the Nation’s public lands. The proposed FY 2012 budget for the BLM follows this approach and includes priority funding for both renewable and conventional energy development on the public lands.

Renewable Energy – President Obama, Secretary Salazar, and the Congress have stressed the critical importance of renewable energy to the future of the United States. Developing renewable energy resources is central to the Nation’s efforts to reduce greenhouse gas emissions, mitigate climate change, and protect the global environment. Renewable energy is also vital to our economic development and energy security. Developing renewable energy will create jobs and promote innovation in the United States while reducing the country’s reliance on fossil fuels.

The BLM made significant strides in promoting renewable energy development on the public lands in 2010, including the approval of nine large-scale solar energy projects, and release of a draft Solar Programmatic EIS to provide for landscape-scale siting of solar energy projects on the public lands. The agency also is reviewing over 45 wind energy applications, and continues to work on wind development mitigation strategies with wind energy applicants and other Federal agencies. BLM-managed lands also serve as important corridors for the transmission infrastructure needed to deliver renewable energy to the American people. To encourage and facilitate renewable energy development, the President’s FY 2012 budget for the BLM proposes a \$3.0 million increase over the FY 2010 enacted/2011 CR level. The increase will be used to conduct site specific studies of potential solar energy sites in Nevada, and regional studies of potential wind energy zones in Nevada and Oregon.

Conventional Energy – Secretary Salazar has emphasized that conventional energy resources on BLM-managed lands play a critical role in meeting the Nation’s energy needs. In 2010, conventional energy development from public lands produced 45 percent of the Nation’s coal, 14.1 percent of the natural gas, and 5.7 percent of the domestically-produced oil. The

Department's balanced approach to responsible conventional energy development combines onshore oil and gas policy reforms with effective budgeting to provide appropriate planning and support for conventional energy development, which has been the target of increased appeals and protests.

The BLM is committed to ensuring oil and gas production is carried out in a responsible manner. To accomplish this, the BLM performs various types of inspections to ensure that lessees meet environmental, safety, and production reporting requirements. The BLM has begun a pilot program using a risk-based inspection protocol for production inspections, inspecting first those leases with high levels of oil or gas production. The BLM plans to expand this risk-based strategy to the other types of inspections it performs. The risk-based strategy will help the BLM maximize the use of a limited inspection staff to better meet the inspection goals and requirements in the future.

The FY 2012 budget request essentially maintains the BLM oil and gas program capacity at the FY 2010 enacted/2011 CR level. An increase of \$13.0 million is proposed to offset a projected decline in fee collections for processing applications for permit to drill (APD) oil and gas on the public lands; a reduction of \$3.0 million is proposed to reflect the completion of an energy study required by the Energy Policy and Conservation Act of 2000. The budget also includes an increase of \$2.0 million to improve air quality monitoring associated with intensive oil and gas development. This funding will help the BLM ensure that energy development complies with NEPA and Clean Air Act requirements and will aid the BLM in minimizing or addressing potential litigation issues.

The Administration believes that American taxpayers should get a fair return on the development of energy resources on their public lands. A 2008 Government Accountability Office (GAO) report suggests that taxpayers could be getting a better return from Federal oil and gas resources in some areas. Subsequent GAO reports have reiterated this conclusion. The BLM and the Bureau of Ocean Energy Management, Regulation, and Enforcement are cooperating to conduct an international study of oil and gas revenues under different management regimes. The study should be completed and published later this year. To this end, the Administration proposes to implement the following reforms:

- In 2012 the BLM will begin to charge a fee to recover inspection costs for the oil and gas program, allowing a savings of \$38.0 million in requested funding. The fee would defray Federal costs and ensure continued diligent oversight of oil and gas production on Federal lands. Fee levels would be based on the number of oil and gas wells per lease so that costs are shared equitably across the industry.
- To encourage diligent development of new oil and gas leases, the Administration is proposing a per-acre fee on each nonproducing lease issued after enactment of the proposal. The \$4 per acre fee on new non-producing Federal leases would provide a financial incentive for oil and gas companies to either put their leases into production or relinquish them so that tracts can be re-leased and developed by new parties.
- The BLM will propose a rulemaking in 2011 to increase the onshore oil and gas royalty rate from its current 12.5 percent level. The BLM expects that the royalty rate increase will increase oil and gas revenues by more than \$900 million over 10 years.

Cooperative Landscape Conservation / Sage-Grouse Habitat Management

The Secretary's Cooperative Landscape Conservation Initiative recognizes the need to understand the condition of BLM-managed landscapes on a broad level. The BLM is coordinating its efforts with other DOI bureaus and other partners through a network of Landscape Conservation Cooperatives (LCCs). The FY 2012 BLM budget request includes an increase of \$2.5 million to support the work of BLM resource managers through the LCCs. Funding will enable managers to conduct eco-regional assessments to provide a better understanding of adverse impacts to the health of BLM lands and the larger western landscapes of which they are a part, and to implement various land health treatments to help combat the effects of these impacts.

Although not part of the Initiative, the budget includes a related increase of \$2.0 million to enhance monitoring and assessment of habitat of the greater sage-grouse and the Gunnison sage-grouse, allowing the BLM to continue on-going efforts to conserve and protect important habitat. The BLM – which manages more habitat for the greater sage-grouse than any other government agency – has been working proactively on this issue on a number of fronts, including issuing guidance to its field offices that calls for expanding the use of new science and mapping technologies to improve land-use planning. With the increase, the BLM will implement broad-scale sage-grouse habitat monitoring activities to ascertain the effectiveness of habitat management and the effect of land use authorizations. This new broad-scale monitoring effort will fill critical data and information gaps necessary for sage-grouse habitat protection and restoration. Conservation efforts implemented on BLM-managed land will be of limited benefit if conservation practices are not monitored and applied uniformly across jurisdictional boundaries. Therefore, BLM has partnered with the U.S. Fish and Wildlife Service, the Natural Resource Conservation Service, the Agricultural Research Service and State fish and wildlife agencies in this effort, which will allow the BLM to determine where it should focus its sage-grouse habitat conservation efforts.

Youth in Natural Resources Initiative

Secretary Salazar has pledged through his Youth in Natural Resources initiative to create the next generation of conservation leaders using youth education, engagement, and employment programs. Many of today's youth have fewer opportunities than in previous generations to experience the outdoors, and the BLM is working to foster personal connections between young people and our Nation's public lands and resources. In order to promote stewardship and encourage the pursuit of careers in natural resources, the BLM employs young people through various programs to conduct natural resources work such as inventorying and monitoring, trails construction, and habitat restoration.

In 2010, the BLM received \$7.6 million to support programs and partnerships that engage youth in natural resource management; encourage young people and their families to visit, explore, and learn about the public lands; and promote stewardship, conservation, and public service. The Budget proposes to increase support for the Youth initiative by \$1.0 million through redirecting \$1.0 million in base funding provided to the National Fish and Wildlife Foundation to support a competitive grant program to develop new or expand existing youth job programs. In FY 2012 the BLM will continue to fund youth programs and partnerships and contribute to the Department's goal to increase by more than 50 percent (from 2009 levels) the employment of

youth between the ages of 15-25 in the conservation mission of the Department by the end of 2012.

Other Priority Increases

Wild Horse & Burro Program – Putting the BLM’s wild horse and burro program on a sustainable track is one of Secretary Salazar’s and my top priorities. To achieve that end, the FY 2012 budget includes a proposed increase of \$12.0 million over the 2010 enacted level for efforts to enhance herd fertility control. The BLM is also contracting for a study by the National Academy of Sciences (NAS) to review previous wild horse management studies and make recommendations on how the BLM should proceed in light of the latest scientific research. The NAS expects to complete its review in early 2013. In the meantime, 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. 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.

Secretary’s Western Oregon Strategy – The FY 2012 budget proposes an increase of \$3.0 million in the O&C account to help the BLM meet multiple concurrent objectives related to Western Oregon forestry management: 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 implementation of a revised recovery plan for the northern spotted owl.

Abandoned Mines & Hardrock Mining Reform Proposals

The Budget proposes legislation to address abandoned mine land (AML) hazards on both public and private lands and to provide a fair return to the taxpayer from hardrock production on Federal lands. The first component of this proposal addresses abandoned hardrock mines across the country through a new AML fee on hardrock production. Just as the coal industry is held responsible for abandoned coal sites, the Administration proposes to hold the hardrock mining industry responsible for abandoned hardrock mines. The proposal will levy an AML fee on all uranium and metallic mines on both public and private lands that will be charged on the volume of material displaced after January 1, 2012. The fee will be collected by the Office of Surface Mining, while the receipts will be distributed by BLM. Using an advisory council comprised of representatives of Federal agencies, States, Tribes, and non-government organizations, the BLM will create a competitive grant program to restore the Nation’s most hazardous hardrock AML sites on both public and private land each year. The advisory council will recommend objective criteria to rank AML projects to allocate funds for remediation to the sites with the most urgent environmental and safety hazards. The proposed hardrock AML fee and reclamation program would operate in parallel to the coal AML reclamation program, as two parts of a larger proposal to ensure that the Nation’s most dangerous coal and hardrock AML sites are addressed by the industries that created the problems. The 2012 BLM budget request also includes an increase of \$4.0 million in regular discretionary appropriations to address high priority AML sites, such as the Red Devil mine in Alaska.

The second piece of the legislative proposal would institute a leasing process under the Mineral Leasing Act of 1920 for certain minerals (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 a 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. Pre-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. However, holders of pre-existing mining claims for these minerals could voluntarily convert their claims to leases. The Office of Natural Resources Revenue in the Department of the Interior will collect, account for, and disburse the hardrock royalty receipts.

Reductions & Efficiencies

The BLM's Fiscal Year 2012 budget proposal reflects many difficult choices to produce a cost-conscious budget, while supporting priority initiatives and maximizing public benefits. Among the reductions in the proposed budget are the following:

- Alaska Land Conveyance Program: reduction of \$17.0 million as part of an effort to reevaluate and streamline the conveyance process. Most of the original 150 million acres are already under interim or final conveyance and the BLM will explore opportunities to further streamline the program to focus resources on completing the final transfers.
- Resource Management Planning Program: reduction of \$8.2 million for lower priority resource management planning activities. In 2012, the BLM will focus on completing ongoing planning efforts and continue developing strategies to improve the efficiency of its planning process.
- Management of Lands and Resources Appropriation: further reductions totaling \$3.3 million in base funding of several programs.
- Information Technology: \$3.5 million reduction.
- Construction Program: reduction of \$5.0 million in project funding.
- A reduction of \$600,000 reflects the discontinuation of funding for two one-time congressional earmarks.

The budget request also includes reductions that reflect the Accountable Government Initiative to curb non-essential administrative spending in support of the President's commitment to fiscal discipline and spending restraint. In accordance with this initiative, the BLM's budget includes a total savings of \$22.0 million, including \$11.5 million in savings in 2012 against actual 2010 expenditures in the following activities: \$5.5 million for travel; \$3.2 million for advisory and assistance services; and \$2.8 million for supplies and materials. These 2012 reductions build upon management efficiency efforts proposed in 2011 totaling \$9.1 million in travel and relocation, information technology, and strategic sourcing; and bureau-specific efficiencies totaling \$1.5 million.

Conclusion

The BLM's Fiscal Year 2012 budget request provides funding for the agency's highest priority initiatives, while making difficult but responsible choices for reductions to offset some of these funding priorities. Mr. Chairman, thank you for the opportunity to testify on the BLM budget request for Fiscal Year 2012. I will be pleased to answer any questions you may have.