

**Statement of
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Before the
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Subcommittee on Energy and Mineral Resources
and the
Subcommittee on Parks, Forests and Public Lands
Oversight hearing on Oil and Gas Impacts on Public Lands**

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Messrs. Chairmen and Members of the Subcommittees, thank you for the opportunity to appear here today to discuss Oil and Gas Impacts on the Public Lands.

Background

The Bureau of Land Management (BLM) is the steward of 258 million surface acres of public lands and 700 million acres of subsurface mineral estate and manages them in accordance with the 1976 Federal Land Policy and Management Act. These public lands contain a myriad of important resources and provide for a variety of our Nation's needs and interests, such as outdoor recreation, domestic energy, wildlife habitat, livestock grazing, timber, and the enjoyment and protection of 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.

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 other public land uses, 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. These activities also contribute to a more secure and reliable energy future for our country, providing a mix of both renewable and conventional energy supplies from the public lands.

At the same time, BLM-managed public lands are being used for recreation by the American public in increasing numbers. We also have important responsibilities in managing for critical wildlife habitat, cultural resources, our National Monuments, and wilderness values, to name a few.

The BLM is dedicated to ensuring that all Americans benefit from the agency's multiple-use mandate. This means ensuring that environmental and other recreational interests are considered when making decisions about renewable and conventional energy development on our public lands. We appreciate the opportunity to discuss our efforts toward this end. Our top priorities in the upcoming fiscal year 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

A high priority of Secretary Kempthorne is the Healthy Lands Initiative, which was included in the President's FY 2008 budget request. As activities on public land increase, we are seeing growing conflicts among recreation users, energy developers, hunters, ranchers, and others all competing to protect, access, and use these public lands. Through the Healthy Lands Initiative, the BLM will join with the U.S. Geological Survey and the U.S. Fish and Wildlife Service to identify, restore, and mitigate the potential impacts of increased energy production in wildlife-energy interface areas and increase available habitat for specific species, including sage grouse.

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 BLM 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 existing budget authority, 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 U.S. 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 BLM 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.

Land Use Planning

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. Some of the recently developed land use plans have been among the most restrictive ever developed for oil and gas leasing on Federal lands.

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. The plan will allow 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.

The BLM continually seeks new ways to minimize, mitigate, or compensate for any adverse impacts from development activities. Innovation of the type envisioned in Energy Policy Act of 2005 (EPAAct) is already underway at the BLM. For example, the BLM is:

- Initiating a pilot block survey in the Carlsbad Pilot Office to identify cultural resource properties in the area; and
- Evaluating an experimental drilling technique proposed by the operator in the Jonah Field in Wyoming using temporary wooden pallets for roads and well pads to determine if this technology reduces impacts to surface vegetation and soil.

Best Management Practices and Performance-Based Standards

The BLM is employing Best Management Practices (BMPs) to enhance its ability to protect the environment and reduce long-term impacts on the land from oil and gas activity. The focus of BMPs is smart upfront planning and solid implementation of best practices to reduce environmental impacts on public and private lands and resources. The new policy guidelines require BLM project managers to consider incorporating BMPs into all Applications for Permits to Drill (APDs) and associated rights-of-way. Additionally, the policy encourages oil and gas, geothermal, and helium operators to meet with BLM field office staff during project planning to incorporate BMPs at the earliest possible stage of the permit application process.

Typical Best Management Practices include:

- Reducing the "footprint" of roads and well heads by choosing the smallest safe standard and best location for facilities, and by employing interim reclamation.
- Selecting appropriate color, shape, size and/or location for facilities to reduce visual contrast.
- Discouraging raptor predation on sensitive species by installing perch-avoidance structures or burying power lines on the lease area.
- Reducing wildlife disturbance by centralizing or automating production facilities to reduce frequency of travel to each well head.

- Using common utility corridors or burying flowlines in a roadway or an adjacent right-of-way.
- Drilling multiple wells from a single location; centralizing production facilities or relocating them offsite.

For example, in the Pinedale area of Wyoming, concerns about impacts to wildlife have resulted in reduced surface disturbance compared to past development by implementing such measures as the consolidation of infrastructure, such as roads, pipelines, and production facilities. As a consequence, the BLM has achieved an overall reduction in the footprint of development involved in winter drilling projects in the Pinedale Anticline relative to what would otherwise have resulted.

Final reclamation of all disturbed areas, including access roads, to either their original contours or a contour that blends with the surrounding topography is a BMP that planners should consider in nearly all circumstances.

The BLM has included BMPs in the 2005 update of the Gold Book of “Surface Operating Standards and Guidelines for O&G Exploration and Development” (posted at www.blm.gov/bmp). Through three separate Instructional Memorandum, the BLM also has:

- Established offsite compensatory mitigation guidelines for oil and gas authorizations to provide additional opportunities to address impacts of proposed projects;
- Established oil and gas process improvement teams in BLM Field Offices; and
- Provided guidance on the review of bonding requirements for oil and gas operations.

To encourage widespread adoption of BMPs and to recognize good environmental stewardship through their use, BLM has established an annual "Best Management Practices" awards program. Annual awards recognize industry and BLM offices that best incorporate BMPs into their oil and gas activities. Recipients are to be selected by a panel including representatives from government, industry, and environmental and wildlife conservation groups.

The BLM is also using performance-based standards to challenge industry to reduce emissions, minimize surface disturbance, and develop quick and effective reclamation techniques to improve restoration of disturbed areas. If on-site mitigation measures do not achieve the desired conditions, companies have the option of undertaking off-site mitigation measures. For example, in March 2006, the BLM announced that EnCana is contributing up to \$24.5 million over ten years toward an office dedicated to funding offsite mitigation and monitoring in the Jonah Field. The BLM believes that offsite mitigation can potentially become an increasingly useful tool for improving habitats adjacent to certain natural gas development areas.

Inspection and Enforcement and Monitoring

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. The BLM's oversight capabilities are being increased in response to the pace of industry's on-the-ground operations. BLM has increased inspection and enforcement by more than 30 percent since 2001. In FY 2001, the BLM completed just over fourteen thousand inspections, and in FY2006, the BLM completed just under twenty thousand inspections.

This year, the Buffalo and Rawlins Pilot Office in Wyoming received funding to hire 15 additional surface environmental compliance and reclamation inspectors. These inspectors will allow Buffalo to exceed its target of approximately 3,600 inspections and will allow Rawlins to increase its inspections by 8 percent to 700 inspections.

The BLM also is improving inspection and enforcement efforts through cooperative arrangements with the State of Wyoming. For example, a cooperative assistant agreement with the Wyoming Fish & Game Commission would establish two wildlife biologist positions in each Pilot Office; these individuals would monitor the effectiveness of BLM lease stipulations and permit conditions of approval as well as make adaptive management recommendations to ensure that fish and wildlife resources are protected. Another cooperative assistant agreement, in the process of being developed with the Wyoming State Historical Preservation Officer, would establish a position to support the electronic data capture of the large volume of cultural survey reports and site information. The BLM also is collaborating with the Governor of Wyoming's Energy Permit Strengthening and Streamlining Initiative. The working groups have addressed such issues as split estate, coordinated reclamation bonding, watershed-based permitting and impacts to local communities, supporting interagency electronic permitting information technology. We look forward to continuing these cooperative efforts, and hope to expand these efforts in other states.

Onshore Order #1

The BLM's Onshore Order #1 will be updated effective May 7, 2007. The Order is a set of rules that direct the conduct of operations, applications to drill on a lease, subsequent well operations, other miscellaneous lease operations, environmental and safety obligations, and abandonment on all Federal and Indian onshore oil and gas leases nationwide (except for those on lands of the Osage Tribe). The previous Order was over 20 years old, and conditions, regulations, policies, procedures and requirements have changed a great deal since that time.

The Final Rule clarifies regulations and procedures to be used when operating in split estate situations. Under the revised final order, operators are required to make good faith efforts to reach surface access agreements with private surface owners. Private surface owners are also being provided with opportunities to participate in onsite inspection meetings between the BLM and the operator. The Final Rule also states that on split estate lands, the BLM will comply with cultural and endangered species regulations in essentially the same way it does when the surface is Federally-owned.

Conclusion

The BLM manages 13 percent of the total land surface of the United States. These lands contain a wide variety of incredible resources, and the public has a wide range of interests in those resources. Our testimony today has outlined the ways in which the BLM is working to provide the Nation with dependable, affordable energy that is developed in an environmentally-sound manner. The BLM will continue its efforts to ensure that all Americans benefit from the agency's multiple-use management of our public lands.

Mr. Chairman, thank you for the opportunity to testify today. I will be pleased to answer any questions you may have.