

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

**Hearing on the FY 2011 Budget Request
of the Bureau of Land Management**

March 9, 2010

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to appear here today to discuss the President's Fiscal Year (FY) 2011 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—253 million surface acres—than any other Federal agency. The BLM also manages 700 million acres of subsurface mineral estate throughout the Nation.

These public lands include some of America's most spectacular landscapes and important natural resources, and serve as an engine of prosperity for our Nation. Energy generated from public lands powers America's homes and businesses; minerals and timber resources are the building blocks for the products we consume; grazing helps supply food for our families; and the scenery, recreational opportunities, and shared history that draws Americans to the public lands also support jobs and businesses in communities throughout the country.

The BLM is doing its part to power America's economic recovery and to create jobs here at home. Investments in restoring watersheds and protecting treasured landscapes create jobs that cannot be exported. We can harness wind, solar, and geothermal power from public lands as never before, putting Americans to work while supplying clean, affordable energy for our future. We can create summer jobs for thousands of young people by restoring America's most special places while inspiring the next generation to be good stewards of our public lands. The opportunities are vast, and with innovation and renewed attention to the benefits of responsible stewardship we can help repower our economy and contribute to a lasting foundation for prosperity in America.

Budget Overview

The BLM's FY 2011 budget request is \$1.1 billion for current appropriations, a net increase of \$8.0 million from the FY 2010 enacted level. Within the net increase of \$8.0 million, the budget includes funding increases for the Secretary's ongoing initiatives for Climate Change Adaptation and Treasured Landscapes, and continues to advance the Secretary's New Energy Frontier

initiative. The budget will also enable BLM to implement a new management strategy for the Wild Horse and Burro program that was announced by the Secretary last fall.

The BLM's management of public lands and natural resources delivers value on a daily basis to the American public. The BLM manages programs that provide significant economic benefits to the Nation and to States and counties where these lands are located. Revenues generated from the public lands make the BLM one of the top revenue-generating Federal agencies. Royalties collected from energy leasing and other fees collected by the agency benefit the U.S. taxpayer. In 2011, the onshore public lands will generate an estimated \$4.5 billion in revenues, mostly from energy development. Approximately 45 percent of these revenues will be returned to the States where the mineral leasing occurs; revenues from other programs are provided directly to States and counties to support roads, schools, and other community needs.

FY 2011 Budget Initiatives

In its FY 2011 proposed budget, the BLM will focus on the following initiatives and priorities: New Energy Frontier, Climate Change Adaptation, Treasured Landscapes, Youth in Natural Resources, and reforming the Wild Horse and Burro program. Under these initiatives and priorities, the BLM will be promoting clean energy development; confronting the impacts of climate change; taking a landscape-scale approach to conservation; connecting young people to the outdoors; and putting the BLM's Wild Horse and Burro program on a sustainable track.

New Energy Frontier

The Secretary's 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. These lands contain some of the highest concentrations of solar, geothermal, wind, oil, gas, and coal energy resources in the United States.

To encourage and facilitate renewable energy development, the President's FY 2011 budget for the BLM proposes a \$3.0 million increase that builds on the \$16.1 million increase provided in FY 2010. The BLM would use the funding increase to complete environmental studies in areas with potential for development of wind and solar energy resources. Specifically, it 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. The budget supports the Secretary's goal of pursuing conventional energy development in a balanced, environmentally-sound manner with a \$2.0 million program increase in the Soil, Water, and Air Management program for air quality monitoring associated with oil and gas development. The Oil and Gas Management budget reflects a \$13.7 million reduction in net appropriations funding. This includes a \$3.0 million program reduction in base funding that reflects the completion of Energy Policy and Conservation Act studies and a \$10.0 million decrease in appropriated funding for oil and gas inspection activities that will be fully offset with proposed new inspection fees. A decrease of \$674,000 reflects efficiency savings.

Renewable Energy Development

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 independence. Developing renewable energy will create jobs and promote innovation in the United States while reducing the country's reliance on fossil fuels.

The President has established ambitious goals to increase energy production from clean, renewable sources. Through investments enabled by the American Recovery and Reinvestment Act (Recovery Act), the Administration has committed to doubling the Nation's renewable energy generating capacity over three years. To help accomplish this goal, the Secretary issued a Secretarial Order in March 2009 that makes the development, production, and delivery of renewable energy a top priority of Interior and BLM. The BLM is using approximately \$18.9 million in Recovery Act funding to verify renewable energy case records and update land status; \$13.0 million to support detailed analysis of the 24 solar energy study areas in the Solar Programmatic Environmental Impact Statement (PEIS); and \$8.8 million to evaluate and process state-specific renewable energy project applications.

Under the Secretary's direction, the BLM is focused on developing renewable energy in an expeditious manner that also protects the signature landscapes, wildlife habitats, and cultural resources of the public lands. The BLM's FY 2011 budget request supports this goal and enables continued progress in the following vital, ongoing efforts to develop renewable energy resources on the public lands:

- In late 2010, the BLM expects to issue a draft Solar PEIS, which is a landscape-scale plan for siting solar energy projects on public lands in the Southwest. This plan assesses the solar energy potential of 23 million acres of public land, and it includes a detailed review of 24 Solar Energy Study Areas.
- The BLM is "fast-tracking" 27 solar, wind, and geothermal energy projects that have the potential to qualify for financial incentives under the Recovery Act. The fast-track process focuses staff and resources on the most promising renewable energy projects, while ensuring the full environmental review required by the National Environmental Policy Act.
- The BLM is actively processing a total of 130 solar energy project applications involving 1.2 million acres of public land.
- The BLM is processing 249 wind energy applications—207 for wind testing and 42 for wind project development.
- The BLM is also processing 22 geothermal plans of development.
- Renewable Energy Coordination Offices are working in four states to expedite review of solar, wind, and geothermal energy projects on BLM-managed lands.

Conventional Energy Development

Secretary Salazar has emphasized that conventional energy resources on BLM-managed lands will continue to play a critical role in meeting the Nation's energy needs. In 2009, the onshore public lands generated 15 percent of the Nation's domestically produced natural gas, and six percent of domestic oil. The Department's balanced approach to responsible conventional energy development combines onshore oil and gas policy reforms with effective budgeting that ensures a fair return on the development of the Nation's conventional resources.

Secretary Salazar recently announced a number of reforms to bring greater certainty and order to onshore oil and gas leasing by integrating clarity, consistency, and public engagement into the leasing process, while balancing protection of other resource values. The BLM will play a key role in several policy reforms. First, the BLM will provide leadership in identifying areas where new oil and gas leasing and development will occur, taking into account industry expressions of interest but emphasizing focused analysis and appropriate planning so the BLM can consider a wide range of important natural resource values before making a decision whether to allow development of an area. Second, because the leasing system has been fraught with uncertainty and successful appeals and protests, the BLM will increase and enhance its pre-lease sale activity and interdisciplinary preparation, public input, and site visits. Finally, the BLM will publish guidance regarding the consistent use and application of the "Categorical Exclusions" established under Section 390 of the Energy Policy Act of 2005 to allow the BLM to approve some oil and gas development activities based on existing environmental analysis. The BLM will begin implementing reforms in 2010, and will continue to emphasize the reforms in 2011.

In addition to the oil and gas leasing reforms announced in January 2010, the BLM's proposed FY 2011 budget contains a number of provisions designed to improve the BLM's oil and gas management operations.

- 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. This fee will be in addition to the yearly rental fee that the BLM already collects; the BLM expects the fee to generate \$330 million in revenue from onshore leases over 10 years.
- The BLM will propose a rule in 2010 to increase the onshore oil and gas royalty rate from its current 12.5% level. The BLM expects that the increase in royalty rate will generate over \$1 billion in additional revenues over 10 years.
- The FY 2011 budget includes a proposed oil and gas inspection and enforcement (I&E) fee that will generate an estimated \$10 million in 2011 to offset nearly 25% of the \$40 million spent annually on I&E. This inspection fee, paid by leaseholders, based on the number of oil and gas wells per lease, would defray Federal costs and ensure continued oversight of oil and gas operations on Federal lands. It will also allow for a \$10.0 million reduction in the net appropriation for oil and gas management program.

- As part of the BLM's effort to use the best scientific information available in the authorization of conventional energy resources, the FY 2011 budget request includes a \$2.0 million increase to improve the BLM's air-quality monitoring capabilities. The funds will help the agency implement a multi-year air quality strategy, focusing on areas with current or anticipated intensive oil and gas development.

Climate Change Adaptation

The Secretary's Climate Change Adaptation initiative recognizes the need to understand the condition of BLM-managed landscapes on a broad level; identify potential impacts from climate change; and develop and implement strategies to help native plant and animal communities, as well as public land users and local communities, adapt to climate change. The BLM is coordinating its efforts with other DOI bureaus and other partners through a network of Landscape Conservation Cooperatives (LCC). The work of the LCCs will help inform, facilitate, and integrate the on-the-ground management activities of the DOI's resource management bureaus. The President's proposed FY 2011 budget for the BLM includes a \$2.5 million increase in support of the Climate Change Adaptation initiative, in addition to the \$15 million the BLM received in FY 2010.

As part of this initiative, in 2009, the BLM and its partners completed pilot landscape-scale assessments in four eco-regions. In 2010, working with the LCC concept, the BLM and its partners are initiating landscape-scale assessments in an additional six eco-regions and are developing proposed management strategies for the four eco-regions with completed assessments. In 2010, the BLM is also undertaking on-the-ground restoration projects to help public land resources adapt to the effects of climate change. In 2011, BLM will complete the assessments for those eco-regions with significant public land ownership; develop management strategies for the six new eco-regions with completed assessments, and begin to implement the management strategies for the initial four eco-regions with assessments completed in 2009. In 2011, BLM will also initiate up to four landscape scale assessments.

Treasured Landscapes

The National Landscape Conservation System (NLCS) and other BLM conservation lands are an integral component of Secretary Salazar's Treasured Landscapes initiative. The NLCS is a vibrant array of national monuments, national conservation areas, wilderness areas, wild and scenic rivers, and national scenic and historic trails. The dense old-growth forests, richly-hued canyons, rugged coastlines, and vast desert ecosystems of the NLCS represent a mosaic of America's natural diversity. Many areas also include jewels of the Nation's cultural landscape, including ancient ruins and pictographs, historic lighthouses, and remnants of the trails that once connected the country's far-flung regions. These lands support important wildlife habitat and wildlife migration corridors, riparian and river corridors, and wilderness, historic and cultural values. In conserving, protecting, and restoring the unique values of these lands, the BLM works across jurisdictions and with communities to manage them as part of the broader landscape to which they belong.

The Secretary's Treasured Landscapes initiative recognizes the need to take this landscape-scale approach to conservation. The FY 2011 BLM budget request makes a major contribution to the

Treasured Landscapes initiative with a proposed \$13.1 million increase for high priority land acquisition projects. In total, the request includes \$37.8 million to fund 20 high priority line-item projects that will give Federal protection to more than 25,000 acres of lands with key natural and cultural resources. The budget request also includes an increase of \$1.3 million for management of new Wilderness Areas designated by the Omnibus Public Land Management Act of 2009 (P.L. 111-11), plus a program increase of \$414,000 to fund high-priority operating needs for national monuments and national conservation areas.

This year, the NLCS is celebrating its first ten years as America's newest Federal conservation lands system. Besides celebrating our past achievements, our successful partnerships, and accomplishing new projects, the BLM is looking to the future and ways to better engage with the public in caring for these spectacular places. Several national events are bringing together various voices of the West to explore the future of the NLCS and its role in preserving America's natural and heritage treasures. Local events are highlighting community efforts and promote volunteer work days to maintain and strengthen dedicated stewardship for these treasured American landscapes.

Youth in Natural Resources

With his Youth in Natural Resources initiative, the Secretary has pledged to create the next generation of conservation leaders through 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 the Nation's treasured landscapes.

In FY 2010, the BLM received an increase of \$5.0 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. In addition to educating and engaging young people, the BLM also employs them to conduct natural resources work, such as inventorying and monitoring and constructing trails, and restoring habitat.

In FY 2011, the BLM will continue to fund youth programs and partnerships. The BLM will also dedicate additional funding toward the Youth in Natural Resources initiative through its association with the National Fish and Wildlife Foundation (NFWF). Specifically, the BLM will work with NFWF to direct \$1 million of the requested \$3 million in pass-through funding to the Foundation to support projects that involve our Nation's youth. The BLM's funding for youth programs and partnerships will contribute to the Department's goal to increase by 50 percent (from 2009 levels) by the end of 2011, the employment of youth between the ages of 15-25 in the conservation mission of the Department.

Reforming the Wild Horse & Burro Program

Placing the BLM's Wild Horse and Burro program on a sustainable track is one of Secretary Salazar's top priorities. The Secretary and the BLM recently outlined a new national management strategy for protecting America's iconic wild horses and the open lands on which they roam.

Under the Wild Free-Roaming Horses and Burros Act of 1971, the BLM protects and manages wild horses and burros that roam across 31.8 million acres of western rangeland, including 26.6 million acres of BLM-managed public land. The BLM manages these animals as part of its overall multiple-use mission. When Congress passed the 1971 law, it found that wild horses and burros were “fast disappearing from the American scene” because of their lack of legal protection. Now, after nearly 40 years under Federal protection, these “Living Legends” of the West are experiencing robust population growth.

This success in reviving wild horse populations, however, has created a new set of challenges for the BLM and the public lands. As a result of rapid herd growth, the BLM must remove thousands of wild horses and burros from the range each year to protect public rangelands from the environmental effects of herd overpopulation. Currently, the western rangeland free-roaming population of 37,000 wild horses and burros exceeds by more than 10,000 the number that the BLM has determined can exist in balance with other public rangeland resources and uses. The ecosystems of public rangelands are simply not able to withstand the impacts (such as soil erosion, reduced water quality, and damage to wildlife habitat) resulting from overpopulated herds that have virtually no natural predators and grow at an average rate of 20 percent a year.

The BLM’s management strategy to date has focused on removing animals from the range in an effort to reach appropriate management population levels, offering these animals for adoption, and placing any unadopted horses in holding facilities (rather than euthanizing them as the BLM is directed to do under the 1971 Act). The BLM finds itself in the position of managing more than 34,000 wild horses and burros in holding facilities (pastures and corrals) at a cost of approximately \$35 million out of a FY 2010 Wild Horse and Burro program budget of \$64 million.

The current path of the Wild Horse and Burro program is not sustainable. In response to this untenable situation, Secretary Salazar announced on October 7, 2009, a new strategy aimed at putting the BLM’s Wild Horse and Burro program on a sustainable track. To minimize the number of animals that must be removed from the range and placed in expensive holding facilities, the Secretary’s strategy seeks to slow the wild horse and burro population growth rate to bring it into alignment with public adoption demand. With more emphasis on fertility control, the BLM will reduce the number of unadopted animals going to holding facilities. The strategy also calls for the creation and cooperative management of new wild horse preserves, possibly on the productive grasslands of the Midwest and eastern United States, as well as the showcasing of certain western herds that warrant special recognition with Secretarial or possibly congressional designations.

To advance the Secretary’s plan for achieving program sustainability, the President’s FY 2011 budget proposal for the BLM requests \$75.7 million for the Wild Horse and Burro program, a \$12 million program increase over the FY 2010 level of \$64.0 million. The budget includes a separate request of \$42.5 million in the BLM Land Acquisition account for the purchase of land for one wild horse preserve.

Budget Decreases

The 2011 request for the Management of Lands and Resources appropriation and the Oregon and California Grant Lands appropriation, BLM's two operating accounts, represents a decrease of \$41.0 million from the 2010 enacted level. The reduction is comprised of base funding reductions to lower priority programs and activities, the elimination of funding for one-time earmarks, and anticipated efficiency savings. A portion of this reduction is offset by \$10.0 million in collections from the proposed new onshore oil and gas inspection fee. The request also includes a reduction of \$5.0 million in BLM's Construction account.

Conclusion

The BLM's FY 2011 budget request provides for funding the 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 FY 2011. I will be pleased to answer any questions you may have.