

**Statement of
Neil Kornze, Principal Deputy Director
Bureau of Land Management
U.S. Department of the Interior**

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

**Hearing on the FY 2015 Budget Request
for the Bureau of Land Management**

April 4, 2014

Mr. Chairman and Members of the Subcommittee, I am pleased to join you today to discuss the President's Fiscal Year (FY) 2015 budget request for the Bureau of Land Management (BLM).

The BLM manages a complex range of uses on just over ten percent of the land in the United States, mostly in Western states and Alaska. The BLM's greatest strength lies in its mandate -- The *Federal Land Policy and Management Act of 1976 (FLPMA)* -- which requires us to manage for multiple use and sustained yield. Because of this flexibility, the BLM has the ability to generate revenue, create jobs, conserve natural resources, and improve the quality of life for all Americans, both environmentally and economically. This approach emphasizes how people and the lands are interconnected and interdependent, and balances the diversity of interests and values associated with the public lands through a landscape approach to land management.

As with all great and durable responsibilities, public land management is accompanied by considerable and persistent difficulties, which must be addressed and overcome with cooperation and creativity. Since first invested with the multiple use and sustained yield mission, the BLM and its methods of management have evolved alongside the Western communities so closely linked to the public lands.

The Nation's need to derive ever-greater benefits from public lands, including a balanced approach to landscape management, investment in natural infrastructure and ecosystem services, and energy security and economic progress, is reflected in the Bureau's 2015 budget request.

Before discussing the entire budget request, I want to highlight a few key initiatives that are important to the future of the BLM. These initiatives will position us for continued success:

- **BLM Foundation** - The President's budget calls for the authorization of a congressionally chartered BLM Foundation that would provide the agency with new avenues for working with the public on critical programs and landscapes. The foundation would complement similar authorizations for charitable non-profit organizations that have been created to support the Nation's other major land management agencies.

- **Inspection and Enforcement Fee** – In support of responsible development and oversight of energy management, the budget includes the creation of a fee system to cover the BLM’s inspection and enforcement activities in the oil and gas program. The fees will help the BLM to improve production accountability, safety and environmental protection of oil and gas operations, and would parallel a fee system already in place for offshore oil and gas programs.
- **Fertility Control for Wild Horse and Burro** - The budget calls for an increase of \$2.8 million for the Wild Horse and Burro program to allow for continued implementation of the National Academy of Sciences recommendations. Of special note, this funding will allow the BLM to continue ongoing multi-year research studies focused on the development of more effective and longer-lasting fertility control agents and techniques for suppressing population growth.
- **Geospatial Mapping** – The BLM is committed to taking a generational leap forward in its geospatial mapping capabilities to provide better, more useable information to the public, industry, and its own employees. The budget requests additional support in this area, which will help the agency and the department take meaningful steps forward on landscape-level management.
- **Sage-Grouse Conservation** – The budget request maintains critical funding for Sage Grouse conservation efforts. In 2015, the BLM will conclude its work to incorporate adequate regulatory mechanisms into its land use plans to address conservation and development decisions as the focus progresses to implementing the plans and supporting habitat restoration and monitoring.

2015 Budget Request

The 2015 BLM budget request is \$1.1 billion. The budget proposes \$954.1 million for the Management of Lands and Resources appropriation and \$104.0 million for the Oregon and California Grant Lands appropriation, the BLM's two operating accounts. The 2015 budget continues to prioritize support for Administration and Secretarial initiatives such as America’s Great Outdoors, Powering Our Future, and Sage-Grouse habitat conservation.

The BLM’s budget request translates to a cost per acre of about \$4.50 to American taxpayers.¹ Recent studies indicate that BLM’s management of the public lands provides an outstanding economic return to the American people. In 2011,² activities on BLM-managed lands contributed \$151 billion to the Nation’s economic output (approximately one percent of the U.S. Gross Domestic Product) and supported more than 750,000 jobs through extractive and non-extractive uses of public lands.³ This translates to an economic benefit of over \$610 per acre.

This request provides sustainable benefits across the West and for the Nation as a whole. It maintains working landscapes for grazing, timber and recreation; strengthens oversight of onshore oil and gas development while providing increased opportunities for developing these economic resources; and protects ecosystem services that are measurable in the value they have

¹ *Public Land Statistics, 2012* (http://www.blm.gov/public_land_statistics/pls12/pls2012-web.pdf)

² The most recent year for which figures are available

³ Department of the Interior Economic Impact Report, 2011 (page 16)

to people for example through clean water and clean air.

Powering Our Future – The 2015 budget continues strong support for the Administration’s energy goals and strengthens management of onshore oil and gas development. This request proposes an increase of \$20.4 million above 2014 enacted levels for the BLM’s oil and gas programs, including requests for both direct funding and funding offset by fees collected from oil and gas producers on Federal lands. Included in this request is \$5.2 million to provide staffing, training, and other resources needed to develop and implement ongoing rulemaking efforts and strengthen operational guidance to BLM units. An additional \$4.6 million will strengthen BLM’s core oversight and permitting capabilities, allowing the BLM to keep up with industry demand and workload.

The 2015 budget request also proposes to expand and strengthen onshore oil and gas inspections and oversight capability through new inspection fees. This new fee authority will bring onshore oil and gas inspections and oversight into alignment with offshore oil and gas management, where inspection and enforcement activities are already funded through a fee system.

Since 2000, nearly 47 thousand wells have been drilled on public lands. Today, the BLM oversees around 100 thousand wells across the country for which we have and must meet inspection and enforcement responsibilities. Our current funding system limits our ability to effectively meet this responsibility and ensure protection of both environmental and economic resources. Our FY 2015 proposal would allow us to meet our responsibilities without increasing taxpayer burden by shifting part of the cost of these activities to industry, as is done with offshore inspection fees. Collections generated from this fee would total about \$48 million, fully offsetting a proposed reduction in appropriated funding and providing for a net increase of around \$10 million for this critical responsibility. If we were to receive this authority, we would be better placed to respond to market demands for oil and gas leasing on public lands.

Through this increased funding, the BLM will correct deficiencies identified by the Government Accountability Office in its February 2011 report, which designated Federal management of oil and gas resources, including production and revenue collection, as high risk, and allow the BLM to expand the risk-based inspection strategy to improve production accountability, safety, and environmental protection of oil and gas operations.

The BLM budget request maintains funding for Renewable Energy at essentially the 2014 enacted level, providing BLM with the resources it needs to continue to aggressively facilitate and support solar, wind, and geothermal energy development. The budget request also maintains funding for the Coal Management program at the 2014 level to ensure that coal resources continue to be made available to meet the energy needs of our nation.

The BLM’s role in meeting the Nation’s energy requirements does not end with feedstocks and renewable energy facilities. Across the public lands of the West, the BLM, through rights-of-way issuance, facilitates the efficient delivery of energy to meet growing demand and address the West’s aging electrical infrastructure, which impedes efficient energy transmission and inhibits renewable energy development. To support necessary upgrades to the Nation’s electric transmission grid for reliability and increased capacity, the budget includes a \$5.0 million increase in the Cadastral, Lands and Realty Management program to identify and designate

energy corridors in low-conflict areas and site high voltage transmission lines, substations and related infrastructure in an environmentally responsible manner.

Sage-Grouse Conservation – In a March 2010 decision, the U.S. Fish and Wildlife Service (FWS or Service) determined that Greater Sage-Grouse was “warranted, but precluded” for listing under the Endangered Species Act (ESA). The FWS stated that the BLM was not “fully implementing the regulatory mechanisms available” to ensure the species’ conservation. To address FWS concerns, the BLM initiated a formal planning process in 2011.

Beginning in 2013, the BLM requested \$15.0 million annually to implement broad-scale sage-grouse planning and conservation activities, including amendment or revision of 98 land use plans to designate priority habitat, perform habitat restoration and improvement, and map, assess and monitor that habitat. The BLM operating plan, written pursuant to the full-year continuing resolution for 2013 (P.L. 113-6), included the full funding built-in the budget request for this effort. The \$15.0 million funding level continues in 2014.

The BLM is doing its very best to meet Greater Sage-Grouse conservation targets set for us by the Conservation Objectives Team report, developed by FWS and representatives from States with Sage Grouse populations. The Service believes that these objectives are the best hope to conserve the Greater Sage-Grouse and the West’s sagebrush ecosystems on which the species depends.

We recognize that much is at stake in the hundreds of thousands of square miles of sagebrush habitat across the West, including conservation, energy development, recreation, livestock grazing and fire management. By addressing sage grouse conservation concerns on BLM and Forest Service-administered lands now, we hope to maintain the widest possible range of options for managing the public lands and for our neighboring landowners.

The 2015 President’s budget request maintains that funding level for Sage Grouse conservation efforts. In 2015, the BLM will conclude remaining work to incorporate adequate regulatory mechanisms into its land use plans to address conservation and development decisions as the focus progresses to implementing the plans and supporting habitat restoration and monitoring.

America’s Great Outdoors – More than 64 million people live within 100 miles of BLM-managed lands in the West. Thus, the BLM is a key part of connecting Americans to the outdoor opportunities that contribute to and preserve the social fabric of this Nation, bond families across generations, and preserve the character of the rural American West. Many BLM-managed lands remain open to use for distinctly American pursuits such as off-highway vehicle riding, rockhounding and gold panning, target shooting, and hunting, opportunities which are becoming increasingly scarce through urbanization and subdivision of once open lands.

The 2015 budget includes a \$1.9 million increase for the National Landscape Conservation System (NLCS) to address high priority needs in national monuments and national conservation areas, including developing management plans for recently designated units and developing and implementing travel management plans for high-use units.

Additionally, the request includes an increase of \$900,000 in Recreation Resources Management for planning, visitor safety, and interpretive services. Likewise, the BLM will use a \$742,000 increase in the Cultural Resources Management program to address the highest priority needs in its backlog of sites requiring inventory and stabilization.

The 2015 budget also includes increases for programs funded through the Land and Water Conservation Fund, a vital component of the America's Great Outdoors initiative. The 2015 budget proposal includes a total of \$89.6 million for BLM Federal land acquisition, including \$25.0 million in requested discretionary appropriations and \$64.4 million in mandatory funding.

Engaging the Next Generation – Along with the BLM's efforts to support America's Great Outdoors, the BLM will continue to build on its success in engaging youth. The 2015 BLM budget request includes a total of \$4.8 million for BLM's youth programs and partnerships. This will allow the BLM to accomplish high priority projects and promote quality participant experiences and pathways to careers.

Enterprise Geospatial System: An updated and revitalized geospatial system will provide the foundation necessary for us to do a better job of providing resource information to the public and within BLM. With this capability, we will be able to accurately analyze crucial information across a variety of landscape-scale initiatives, including the Greater Sage-Grouse Plan, Renewable Energy Development, Climate Change Adaptation, and Regional Mitigation. This would result in better land-management decisions. The President's budget recommendation is \$3.8 million for this priority.

Wild Horse and Burro Program - The budget calls for an increase of \$2.8 million for the Wild Horse and Burro program to allow for continued implementation of the National Academy of Sciences recommendations. The BLM must accomplish two things to be successful in the Wild Horses and Burros Program: slow population growth and find more good homes for those animals already off the range. Our success in maintaining an ecologically and financially sustainable and humane program has implications for all other BLM activities. The proposed budget for this priority would allow us to continue ongoing research into the development of more effective and longer-lasting population control agents and techniques. We remain committed to implementing the National Academy of Sciences' recommendations for this program at a total cost about \$10 million

Legislative Proposals

Oil and Gas Management Reforms – The Administration's budget request includes a package of legislative proposals to bolster and backstop administrative actions being taken to reform the management of Interior's onshore and offshore oil and gas programs, with a key focus on diligent development of federal resources and improving transparency and oversight. Proposed statutory and administrative changes fall into three general categories: advancing royalty reforms; encouraging diligent development of oil and gas leases; and improving revenue collection processes.

Royalty reforms include evaluating minimum royalty rates for oil, gas, and similar products;

adjusting onshore royalty rates; analyzing a price-based tiered royalty rate; and repealing legislatively-mandated royalty relief. Diligent development requirements include shorter primary lease terms, stricter enforcement of lease terms, and monetary incentives to get leases into production e.g., through a new per-acre fee on nonproducing leases. Revenue collection improvements include simplification of the royalty valuation process, elimination of interest accruals on company overpayments of royalties, and permanent repeal of DOI's authority to accept in-kind royalty payments. Collectively, these reforms will generate an estimated \$2.5 billion in revenue to the Treasury over 10 years, of which \$1.7 billion will result from statutory changes.

Hardrock Mining Reform – The 2015 budget includes two legislative proposals to reform hardrock mining on public and private lands by addressing abandoned mine land hazards and providing a better return to the taxpayer from hardrock production on Federal lands.

The first component of this reform addresses abandoned hardrock mines across the country through a new Abandoned Mine Lands (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 the remediation of abandoned hardrock mines. The legislative proposal will levy an AML fee on uranium and metallic mines on both public and private lands. The proposed AML fee on the production of hardrock minerals would be charged on the volume of material displaced after January 1, 2015. The receipts would be split between Federal and non-Federal lands.

The second legislative proposal institutes 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 the 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. Existing mining claims would be exempt from the change to a leasing system.

Reauthorize the Federal Land Transaction Facilitation Act (FLTFA) – The 2015 budget proposes to reauthorize the Act, which expired in July 2011, and allow lands identified as suitable for disposal in recent land use plans to be sold using the FLTFA authority. The FLTFA sales revenues would continue to be used to fund the acquisition of environmentally sensitive lands and to cover the administrative costs associated with conducting sales.

BLM Foundation - The BLM is the only major Federal land management agency without a congressionally chartered foundation. With a mission as broad as the BLM's, a foundation would provide us with significant new tools to expand partnerships and allow the public to support critical programs and activities for which they have a passion, whether that be the Wild Horse and Burro Program, the National Landscape Conservation System, habitat restoration, or others.

Conclusion

The President's Fiscal Year 2015 budget request for the BLM provides funding for the Bureau's highest priority initiatives and supports critical work that keeps the American economy moving and that fulfills the BLM's multiple use and sustained yield mission to maintain the health, diversity and productivity of public lands for present and future generations. The Nation's public lands and resources have an important role in American lives, economies, and communities and include some of America's greatest assets. This budget proposal enables the BLM to continue to manage the responsible development of conventional and renewable energy on public lands, conserve valuable wildlife habitat as well as cultural and historic resources, and implement innovative landscape scale management approaches.

Thank you for the opportunity to present this testimony.