

FISCAL YEAR 1995 BUDGET FOR ENERGY AND MINERAL RESOURCE PROGRAMS

OVERSIGHT HEARING BEFORE THE SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES OF THE COMMITTEE ON NATURAL RESOURCES HOUSE OF REPRESENTATIVES ONE HUNDRED THIRD CONGRESS

SECOND SESSION

ON

THE PRESIDENT'S FISCAL YEAR 1995 BUDGET REQUEST FOR BLM, OSM,
USGS, MMS, AND BUREAU OF MINES

HEARING HELD IN WASHINGTON, DC
FEBRUARY 23, 1994

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THE PRESIDENT'S FISCAL YEAR 1995 BUDGET REQUEST FOR BLM, OSM, USGS, MMS, AND BUREAU OF MINES

WEDNESDAY, FEBRUARY 23, 1994

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES,
COMMITTEE ON NATURAL RESOURCES,
Washington, DC.

The subcommittee met, pursuant to call, at 2:08 p.m., in room 1324, Longworth House Office Building, Hon. Richard H. Lehman (chairman of the subcommittee) presiding.

STATEMENT OF HON. RICHARD H. LEHMAN

Mr. LEHMAN. The subcommittee will come to order.

The subcommittee is meeting today to conduct an oversight hearing on the President's proposed budgets for the energy and mineral resource programs of the Bureau of Land Management, Office of Surface Mining, Minerals Management Service, U.S. Geological Survey, and Bureau of Mines, all within the Department of the Interior.

Pursuant to the requirements of section 301(d) of the Congressional Budget and Impoundment Act of 1974, we are required to submit Views and Estimates of the Committee on Natural Resources regarding the President's Budget for Fiscal Year 1995. This Budget Committee has asked us to submit our report by Friday of this week.

Therefore, I am pleased to welcome Assistant Secretary Bob Armstrong and Deputy Assistant Secretary Knopman—welcome—to discuss the energy and mineral resource programs at the Department of the Interior under the jurisdiction of this subcommittee.

The President's 1995 budget for the energy and mineral programs appears to address Federal budget constraints while recognizing the need to adequately support our domestic energy and mineral leasing programs. I am particularly pleased to note the increase requested for the royalty management program of the Minerals Management program. And I am pleased to note the budget request supports Mining Law reform.

I look forward to discussing these proposals in detail with the witnesses.

At this point, Mrs. Vucanovich is on the way, I am told.

The Chair will recognize the gentleman from West Virginia.

STATEMENT OF HON. NICK JOE RAHALL II

Mr. RAHALL. Thank you very much, Mr. Chairman.

Mr. Chairman, as we begin our review of the budget request for a number of bureaus within the Department of the Interior, I must take this opportunity to express my very deep concerns over the situation at the Office of Surface Mining.

In my view, the Office of Surface Mining today is a rudderless ship floating aimlessly on a sea dominated by western concerns and interests within the Department of the Interior.

Over a year into the Clinton administration, there is not yet a confirmed OSM Director, although I understand that Senate confirmation could come this week.

Meanwhile, the director-designee is an unknown quantity to those who represent the Appalachian region. To those of us who represent that area, as well as many others, the area with the greatest stake in OSM decisions is, of course, the Appalachian region.

Make no mistake about it, Mr. Chairman. We stand at a very crucial crossroads in the administration of the Surface Mining Act.

Important rulemakings to implement the amendments to the Act that I sponsored in 1990 and 1992 have not yet been implemented.

Morale within the ranks of OSM inspectors and throughout the field operations continues to suffer. At every turn, it appears that the bureau is gripped by indecision bordering on paralysis.

Yet, acid mine drainage continues to seep into our rivers and streams. Subsidence continues to threaten people's homes. Many of the legacies of past mining practices, the burning refuse piles and landslides, continue unabated.

And for its part, the regulatory stability so necessary to the coal industry remains an elusive goal.

The question remains: Will this Administration, this Interior Department, treat the Office of Surface Mining as a poor stepchild within the agency—as have the past two Administrations—or will it move in a forthright fashion to revitalize the bureau to carry out its mandate from the Congress and from coalfield citizens across the Nation?

In effect, to have within the Interior Department not just an Office of Surface Mining, but an Office of Surface Mining *Reclamation and Enforcement*.

Let us address the pressing issues of the day before the Department of the Interior involving grazing fees, our crumbling park infrastructure, ecosystem management, the reform of the Mining Law, of which I am the chief proponent. But let us not forget, let us not forget the need to implement and enforce an effective and responsive surface coal mining program.

This, then, I believe is the challenge I believe the Department's leadership faces. And it is my hope that they will rise to the occasion.

Thank you, Mr. Chairman.

Mr. LEHMAN. Thank you very much.

Mr. Allard.

STATEMENT OF HON. WAYNE ALLARD

Mr. ALLARD. Thank you, Mr. Chairman.

I don't have any prepared remarks that I want to share with the committee and the individuals that are here this morning for this hearing. But I would just like to share a thought or two that I have just off the top of my head.

First of all, in the past, the Department of the Interior has been a Department that has been willing to work with a lot of the resource people in the western part of the United States. This is a very sensitive part of our country as far as resource management is concerned.

I think the western States have always felt that they had a friend in the Interior Department with their interests in mind, and were able to balance those interests with the public interest and what their responsibilities were as a Department in administering the laws that have been passed by this Congress. As in more recent history, that cordial relationship between resource individuals in the West and the Department has deteriorated, and I think that it is time for us to reevaluate what the Department is doing and what we can to create a better relationship between businesses and citizens of the West, with the Department.

I also serve on the Budget Committee and I will be looking very critically at the Department of the Interior on that committee, as well as the Department of Agriculture.

I am looking at areas where there can be a sharing of resources, with the idea that we can make this a more user-friendly operation as far as citizens in the western part of the country. My remarks have been rather brief. I just want to share those concerns with you.

You do have some great individuals in Colorado. It is the State that I represent, and with those people that work in that office I feel I have a good relationship, and I just for the record would make that note. But I think we have got some tremendous challenges ahead, both for this committee as well as the Department of the Interior, and I would predict there are going to be some changes that are going to happen, no matter what.

Thank you, Mr. Chairman.

Mr. LEHMAN. Thank you very much.

Mr. McInnis.

Mr. MCINNIS. Thank you, Mr. Chairman.

Mr. Chairman, outside of agreeing with my respected colleague out of the State of Colorado, I have no further remarks.

Mr. LEHMAN. Thank you very much.

And with that, we will move to the witnesses.

Mr. Armstrong, we will put your testimony in, and we will put Ms. Knopman's testimony in the record in its entirety and ask you to proceed at this time.

PANEL CONSISTING OF BOB ARMSTRONG, ASSISTANT SECRETARY FOR LAND AND MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR; AND DEBRA S. KNOPMAN, DEPUTY ASSISTANT SECRETARY FOR WATER AND SCIENCE, DEPARTMENT OF THE INTERIOR, ACCOMPANIED BY ROBERT HIRSCH, ACTING DIRECTOR, U.S. GEOLOGICAL SURVEY, AND DR. HERMANN ENZER, ACTING DIRECTOR, BUREAU OF MINES

STATEMENT OF BOB ARMSTRONG

Mr. ARMSTRONG. Thank you, Mr. Chairman, members of the committee. It is a pleasure for me to be here and present the proposed budget for BLM, MMS and OSM. I have with me today the budget directors from each of the respective groups, and they are available for detailed questions in the event that I am not able to answer everything.

I have been entrusted with a great responsibility, to manage our Nation's public lands, and the natural resources that are within them and which they produce. I hope that my presence here today along with my comments demonstrate the commitment that Secretary Babbitt and I, and each of the bureau directors and the nearly 14,000 employees have to this awesome responsibility. Our 1995 requested budgets have successfully addressed Federal budget restraints set by the President and Congress through careful examination of priorities and making hard choices. The budget expands the President's investment in natural resource protection and development, and supports the recommendations of the National Performance Review.

I would like to briefly address some major issues that this budget cycle will fund: reform of mining; grazing practices on public lands; all phases of the management of the Outer Continental Shelf; land acquisition, with an emphasis on land exchanges; improving the performance of the Office of Surface Mining in accomplishing its mission; as well as the Trans-Alaska Pipeline.

Regarding mining reform, I would like to commend the Chairman and the members of his subcommittee and Mr. Rahall for leadership in passing H.R. 322. Mining Law reform is a controversial and difficult subject. We are committed to continue working with the Congress.

As a place holder, let me stress place holder, for the purpose of estimating receipts, the budget assumes an 8 percent royalty and permanent mine claim maintenance fees. An estimated increase of \$12.4 million from mine claim maintenance fees will enhance activities such as inspection enforcement of mining operations.

Natural gas and oil produced from the Outer Continental Shelf is a vital part of our Nation's energy supply. In 1993 we produced 4.6 trillion cubic feet of natural gas, 350 million barrels of oil.

The income was just under \$4 billion as a result of this production. Department of the Interior Minerals Management Service will continue to stress safe and responsible development of OCS, especially in the natural gas area.

Development of OCS has been controversial in certain areas. Efforts have begun to start a new, more positive dialogue with States like California, North Carolina and Florida to try to educate us as

to what they want and for us to try to educate them as to what our responsibilities and goals are. We have found that this has removed a great deal of the prior emotional barriers, and we think that local involvement is very important to us to try to figure out what is appropriate in the MMS development of the future.

OSM has been, as you point out, Mr. Rahall, short of a director. But we are attempting to cure that, and Bob Uram was cleared by the Senate committee today. So we think that he will come in as soon as Wednesday of next week. And in the meantime, let me say that we have put together a task force which you may be familiar with, which is the best people we could find who have gone into the Office of Surface Mining, interviewed, brought new and sophisticated management techniques to the questions of the people who were there.

This operation has been conducted over the last month to six weeks, with we think very dramatic results. The people at the agency have been very receptive to the fact that we came in.

We sent the best people we could find out of the entire Department to work on this so that we could have a seamless transition to the new director, and I think that the people both in the Department and the people in the States that have worked with this have been very appreciative of what has gone on. And I think it is going to be, and you will find it to be, a very positive occurrence to have convened this task force and put them to work on a mission statement and a performance capability that we hope everybody is going to be proud of, which will make Mr. Uram's job easier.

Rangeland reform of 1994 has been, as all of you know, much on the plate for us. I spent, starting Sunday evening, time in Denver and Colorado Springs, Albuquerque, Phoenix, Flagstaff, Burns, Oregon, and Reno.

I was back in Washington Thursday. So we have not been un-mindful of the West, and we have spent a lot of time listening, principally on range reform, although part of that trip involved hard-rock mining.

The Secretary and I, as you know, have been working in a lot of the roundtables that have been conducted in Colorado, and we believe that the kind of input that we have gotten has been very helpful. It has changed the Secretary's mind, quite frankly, on many of the issues, and I think that we are going to have a better work product out this week or soon thereafter as a result of this.

The Trans-Alaska Pipeline System has been the subject of a lot of controversy, particularly in Chairman Dingell's, and to some degree, Chairman Miller's committee. We have spent a good deal of this year beginning to really look into the future of that pipeline and to correct some of the problems that have been hinted at or suggested, but never really looked at and dealt with in the past. The Secretary and the Chief of Staff of the Department of the Interior are both recused from dealing with this because of some prior representation in the legal business. So it falls upon me to deal with it and we have had good luck, we think, in contracts with some excellent systems management people, and have a real commitment to correct the problems that are there.

We have also done a lot of work on the ground with the Joint Pipeline Committee and other people so that TAPS will be some-

thing that we can all have some confidence in as far as its safety, its capability of delivery of the oil, and its future spill-free and environmentally sound capability.

Land exchanges are probably the most important thing, in my judgment, that we could accomplish if we were going to try to get us into a situation where we own what we need to own and deal with and maybe let some other people own some other parts of the lands that we have. And so consequently, we will direct some major effort toward the reconfiguration of parts of the land that might be more beneficial, both to the people that will trade with us and for the land that we get in those trades.

The money, I am sure you have before you in your synopsis, so I won't go through it. Basically, what we are doing is increasing modestly at BLM and at MMS, and OSM has a minor decrease of \$23.5 million.

At this point, my remarks are concluded, and I would like to answer questions as soon as you have heard from Debra, unless you want to do me first and then take her separately.

Mr. LEHMAN. I think we will let Ms. Knopman go ahead and proceed at this point to take her testimony.

Thank you very much.

[Prepared statement of Mr. Armstrong follows:]

STATEMENT

BOB ARMSTRONG - ASSISTANT SECRETARY
FOR LAND AND MINERALS MANAGEMENT

Before Natural Resources Subcommittee
on Energy and Mineral Resources

Good afternoon. It is a pleasure to appear before this subcommittee on Energy and Mineral Resources hearing on the proposed budgets for BLM, MMS, and OSM.

Accompanying me today are the budget directors of the bureaus.

As Assistant Secretary for Land and Minerals Management at the United States Department of Interior, President Clinton and Secretary Babbitt have entrusted me with a great responsibility of overseeing the management of the public lands and natural resources owned by the citizens of the United States. I take this responsibility most seriously and I hope my presence here today, along with my comments and answers to your questions, demonstrate my commitment, as well as that of Secretary Babbitt, each of the bureau directors and the nearly 14,000 employees of the BLM, MMS and OSM have to the awesome responsibility given us.

Before I provide you with an overview of each bureau's budget, I would like to devote a few minutes today to giving you some specific comments about issues I have identified for my office to focus on during the budget cycle being discussed. Many of these issues are not new, in fact they have been discussed on numerous occasions within this subcommittee and other committees in Congress. Regardless of how often they are

discussed, until they are resolved to the betterment of the public as whole, they will remain important, significant and deserving of the attention and efforts from me and those that work with me at the BLM, MMS and OSM.

In formulation of the 1995 budget, the Department has successfully addressed Federal budget restraints set by the President and Congress after conducting a careful internal examination of priorities and making very difficult choices. The requested budget meets the Administration's commitment to wisely manage the Nation's public lands and natural resources, while fulfilling the Department's trust responsibilities. The budget request also expands the President's investment in natural resource protection and development. Finally, the budget supports the recommendations of Vice President Gore's National Performance Review. In my specific area of responsibility, this budget will allow continued progress towards our goals -- which include the reform of grazing and mining practices on public lands; improvement in all phases of the management of the Outer Continental Shelf; land acquisition with an emphasis on land exchanges; improving the performance of the Office of Surface Mining in accomplishing its mission, as set forth in the Surface Mining Control and Reclamation Act; and Trans-Alaska Pipeline improvement.

Mining Law Reform

Initially, I want to mention that Chairman Lehman and the members of this subcommittee deserve the thanks of the American public for the leadership you have exhibited in passing H.R. 322, to reform the 1872 Mining Law.

I need not tell you that the subject of Mining Law Reform is a controversial and difficult subject. The Department is committed to continuing to work with the Congress on comprehensive reform of the 1872 Mining Law. As a place holder, and for the purpose of estimating receipts, the 1995 budget assumes an 8 percent royalty on hardrock minerals as proposed in H.R. 322 and permanent mine claim maintenance fees. The 1995 budget assumes a \$100 annual fee for established claims and a \$200 annual fee for new claims, plus a onetime \$25 location fee at the time of filing.

An estimated increase of \$12.4 million -- funded from mine claim maintenance fees -- will enable the BLM to enhance activities such as inspection and enforcement of mining operations, including those using cyanide. The additional funding will also be used for implementing mining reform legislation.

Outer Continental Shelf (OCS)

Natural gas and oil produced on the OCS are vital components of the nation's energy supply. In 1993, the OCS yielded 4.6 trillion cubic feet of natural gas and 350 million

barrels of oil -- about 27 percent of the natural gas and 13 percent of the crude oil produced in the U. S.

Looking to the future, with one-third of all the recoverable natural gas and oil remaining to be discovered in the U. S., OCS resources will continue to play an important role in meeting domestic energy needs, advancing the long-term productivity of the U. S. economy and contributing to the quality of the environment.

As reflected in the Department's budget request, we will continue to stress the responsible development of the Nation's offshore energy resources, especially natural gas. The production of natural gas poses little risk to the environment and its consumption provides air quality benefits compared to other fossil fuels.

Development of the OCS has been extremely controversial in certain coastal areas. The perception among many coastal officials and citizens is that the federal government has attempted to dictate the terms of OCS development off their coasts without adequate consultation and in spite of their protest. Efforts have begun to start a new and more positive dialogue with the states over OCS issues. For example, in California, MMS and local and state agencies have instituted an MMS/Tri County Forum that periodically convenes staff-level representatives to discuss and resolve critical issues concerning existing offshore leases. This coordination and close working association has engendered trust among the parties and has removed many of the emotional barriers that contributed to

past conflicts. Local involvement is extremely important to the success of the OCS program.

Improving OSM's Performance

It is the Department's hope that Mr. Robert Uram will shortly be confirmed by the Senate as the new Director of the Office of Surface Mining Reclamation and Enforcement (OSM). During the past three months OSM has been under the Direction of Acting Director Anne Shields and an Interim Management Team appointed by Secretary Babbitt. The Team has been conducting a management and policies review of OSM, which has involved OSM personnel, state regulatory agencies, the coal industry, and representatives of citizens' organizations. The Team will develop a series of recommendations for the new Director on how to improve OSM's accomplishment of its mission, in an effort to achieve a seamless transition when the new Director comes on board. This year's budget request for OSM calls for an appropriation of \$278.4 million, compared to last year's budget of \$254.9 million.

Rangeland Reform '94

The Department of the Interior is working with Congress, Western Governors, the livestock industry, conservation groups, and other interested parties on the issue of Rangeland Reform. The Secretary and I have been listening to the concerns raised by

interested parties at a series of roundtables and town meetings conducted throughout the West in recent months. The Department will propose grazing regulations in early March; we expect final regulations to be issued in the fall. The 1995 Budget Request includes a \$14.5 million increase to support range reform efforts.

The increase will be used for allotment evaluations and categorizations, development of standards and guidelines, ecosystem planning, and expanded allotment monitoring.

Trans-Alaska Pipeline System (TAPS)

Responding to public and Congressional concerns, in mid-1993, the BLM undertook actions to uncover and rectify problems in operations of the TAPS. Those activities included: contracting for an overhaul of the Joint Pipeline Office (JPO) and its monitoring and inspection program, hiring new inspectors and other support personnel, increased audit activity, contracting for studies of the operational and management problems and an outline of recommended solutions, contracts to build a quality program for the operator, contracting for provision of engineering expertise for the JPO, and development of a Federal-State Memorandum of Understanding to assure integrated operations and support of JPO by parent agencies.

Repair of hardware and some management problems has begun and will continue for a year. Corrective actions for pipeline management and regulation are in the development

stage and should be implemented starting in summer 1994 and completed later in the year. It will take additional time to assure that operations under new arrangements and procedures are consistently yielding the desired results.

In the case of TAPS, I am the acting Secretary of Interior, and I have been intimately and fully involved in the progress of the Department's review and response to the concerns identified by the contract audit team. It is our intention to remain vigilant and to provide the Congress and the citizens of Alaska and the U.S. the assurances they deserve that TAPS is environmentally and structurally sound.

Land Exchanges

The BLM's proposed budget includes increases for land acquisition, recreation management, facilities maintenance, cultural resources management, wildlife and endangered species and wilderness management. Given current budget constraints, land exchanges will be emphasized in BLM's acquisition efforts. The focus will be on exchanges to facilitate the protection of critical habitat, particularly in the range of the desert tortoise in California, Nevada, Utah, and Arizona.

I will give you a brief overview of the proposed FY 95 budget proposals for the BLM, MMS and OSM:

BUREAU OF LAND MANAGEMENT

The total 1995 budget level for the BLM is estimated at \$1.2 billion, an increase of about \$43 million from the FY 1994 level. In many ways, the BLM's budget reflects dramatically the managerial issues that confront the BLM. Our budget has two major thrusts:

- First, several initiatives that directly contribute to ensuring sustainable development. Of these "on the ground issues", the most prominent are implementation of the President's Pacific Northwest Forest Plan, Rangeland Reform and Mining Law Reform.
- Second are initiatives to streamline and re-engineer processes and implement new approaches -- such as those proposed in the National Performance Review -- that will reduce administrative costs, achieve greater efficiencies in managing our workforce, and enable the BLM to progress faster in achieving its resource mission.

MINERALS MANAGEMENT SERVICE

For FY 1995, the Minerals Management Service is requesting \$201.2 million for its operations, an increase of \$2.7 million over FY 1994. This request is contained in two appropriations, the Royalty and Offshore Minerals Management appropriation and the Oil Spill Research appropriation.

The MMS continues to stress the responsible development of the Nations's offshore energy resources. The FY 1995 request provides for an increase in the funding of \$3.3 million to the environmental studies program to assure that decisions are based upon good science. In addition, the MMS continues to place top priority on the accurate and timely processing of mineral revenues on behalf of Indian Tribes, allottees, States and the U.S. Treasury. And, lastly, due to MMS' expanded authority and responsibility from the Oil Pollution Act of 1990, a net increase in funds in the Oil Spill Research accounts will provide for inspections and oil spill plan reviews for operations in State coastal waters, as well as increased review of financial records to ensure operators in State coastal waters meet new bonding requirements.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

OSM's FY 1995 budget request is \$278.4 million, which represents a decrease of \$23.5 million from the 1994 enacted level. This decrease is primarily the result of a \$10.0 million reduction in funding for state reclamation program grants and elimination of funding for the \$13.2 million Rural Abandoned Mine Program. The budget is fiscally sound and meets the spending constraints and deficit reduction goals set forth by the White House.

OSM's FY 1995 budget focuses on meeting the President's goals for reinventing government and streamlining the federal government, while ensuring that the agency will have a solid budgetary foundation for the challenges it will face in the 1990's.

This concludes my statement. I and the budget directors for the three bureaus will be pleased to answer any questions you may have.

STATEMENT FOR THE RECORD REGARDING THE FISCAL YEAR 1995 BUDGET
REQUESTED BY THE ENERGY AND MINERALS RESOURCES SUBCOMMITTEE,
COMMITTEE ON NATURAL RESOURCES, UNITED STATES HOUSE OF
REPRESENTATIVES ON THE FISCAL YEAR 1995 PRESIDENT'S BUDGET
FOR THE BUREAU OF LAND MANAGEMENT

The Bureau of Land Management's (BLM) Energy and Minerals program consists of three program areas: Fluid Minerals, Solid Minerals, and Mining Law Administration.

Fluid Minerals Management

The Fluid minerals program includes leasing of oil, gas and geothermal resources underlying Federal lands, operational oversight of Federal and Native American leases, supervision of drilling, and inspection and enforcement, including production verification. In 1993, there were about 56,000 onshore Federal oil and gas leases and 450 geothermal leases. About 19,000 Federal oil and gas leases are in producing status. In addition, there are about 4,200 producing oil and gas leases on Indian lands. Revenues generated by Federal oil and gas leases are expected to be over \$100 million in 1995.

Our 1995 fluid minerals budget request is \$54.3 million, a decrease of \$1.1 million from 1994. The decrease is associated with our phasing down efforts in the drainage program. We are able to do this because the drainage review component of our oil and gas program has been successful in significantly reducing the backlog that approached 25,000 cases 5-years ago. At our

requested funding level, the drainage backlog should be about 3,000 cases by the end of 1995. This represents a working inventory and will not affect royalty collections.

We have made significant improvements in our fluid minerals inspection and enforcement program, which may allow it to be removed from the list of high risk areas by the end of 1995.

Solid Minerals Management

The solid minerals program includes leasing of all solid minerals and mineral compounds such as coal, sodium, phosphate, lead-zinc and potash. The BLM manages about 33 percent of all coal resources in the United States. About 60 percent of Western coal is Federally owned. As of September 30, 1993, there were 431 Federal coal leases in force, 131 of which were producing. Production from these leases amounted to 245,993,000 tons and generated \$257.7 million in Federal royalties in 1993.

Our 1995 solid minerals budget request is \$14.1 million, a decrease of \$1.3 million from 1994. The reduction will be applied through all components of the noncoal solid mineral leasing program, which is generally of lower priority than either coal or mineral materials. It should have little impact on the Bureau's ability to process noncoal solid mineral applications and lease adjustments. This requested funding level

will allow us to continue to process coal lease applications, to avoid the bypass of Federal coal. At the requested funding level, our ability to conduct inspections on continuing operations will not be impaired. Program emphasis will continue to be placed on environmentally sound mineral extraction on Federal lands.

Mining Law Administration

There are currently an estimated 330,000 actively maintained mining claims on public land. These claims are filed under provisions of the General Mining Law of 1872. The Administration is actively working with Congress to achieve comprehensive reform of this old law. Our 1995 budget request for mining law administration is \$27.7 million, an increase of \$12.4 million from 1994. This program is supported by revenue generated from mining claim fees.

The 1995 budget assumes Congress will enact mining law reform legislation during 1994, embodying the principles of H.R. 322. This includes payment of an annual maintenance fee, payment of a production based royalty, end of patenting, suitability reviews, and increased environmental protection. Passage of the reform legislation would result in a major workload in 1995, as the BLM would write new regulations, possibly prepare an environmental impact statement, and design a program to implement the royalty

provisions. A major part of the proposed increase would be used to enhance on-the-ground management, including inspection and enforcement of mining operations.

Budget Restructuring

The President's budget proposes a major restructuring of the BLM's appropriations structure and management.

The BLM's budget structure needs to be revised. It is too costly to administer. It requires too much time by too many people to track too much information. It is not sufficiently flexible to allow meeting rapidly changing demands. It involves too many individual pots of money, and it focuses too much on individual programs at the expense of the larger, more significant, interrelated resource management issues.

Field managers are finding that these shortcomings make it increasingly difficult to synchronize all the different pots of money to achieve effective local management.

We are proposing a broader activity and subactivity structure within the new appropriation that will enable us to better measure the ultimate outcome of our efforts. We believe fund control -- the level at which we are held accountable by the appropriations committees -- should be established at the

activity level rather than at the subactivity level. Overall our proposal will reduce the number of fund categories that we must separately manage from 45 to 16.

The proposed changes in the Energy and Minerals program involve two components:

- o Creation of a new "Fluid Minerals Management" subactivity that includes the former Oil and Gas subactivity, as well as the Geothermal portion of the former Other Mineral Resources subactivity.
- o Creation of a new "Solid Minerals Management" subactivity that includes the former Coal subactivity, as well as the Leasable Solid and Salable Mineral portions of the former Other Mineral Resources subactivity.

These changes will reduce costs and improve performance. They will:

- o reduce the amount of time and effort devoted to budget tracking and monitoring and increase time available for field activities;

- o enable field managers to address rapidly changing program needs without unnecessary constraints from the budget structure;
- o support implementation of sustainable development and biodiversity; and
- o facilitate implementation of performance-based accountability.

**Statement for the Record
Minerals Management Service
Department of the Interior**

**Before The
House Committee on Natural Resources
Subcommittee on Energy and Mineral Resources**

February 23, 1994

The Minerals Management Service (MMS) appreciates the opportunity to present testimony for the record in support of its budget proposal for Fiscal Year (FY) 1995.

The Minerals Management Service has two major responsibilities: the timely and accurate collection, accounting, auditing, and distribution of revenues owed by holders of mineral leases on Federal onshore and offshore and Indian lands; and the management of energy and mineral resources on the Nation's Outer Continental Shelf (OCS). The MMS strives to fulfill its responsibilities through the general guiding principles of: (1) being responsive to the public's concerns and interests by maintaining a dialogue with all potentially affected parties; and (2) carrying out its programs with an emphasis on working to enhance the quality of life for all Americans through economic development and environmental protection.

In FY 1995, the Bureau will account for an estimated \$5.0 billion in Federal receipts, including \$3.9 billion from OCS rents, bonuses,

royalties and escrow payout and interest and \$1.1 billion in onshore receipts.

At this point, I would like to give an overview of MMS's current status and, then, highlight the major initiatives of our FY 1995 budget proposal.

Overview

The Royalty Management Program (RMP) continues to place top priority on the efficient, accurate and timely processing of mineral revenues on behalf of Indian Tribes, allottees, States and the U.S. Treasury. Because RMP has ongoing strategic planning efforts to expand and improve the collection of mineral revenues, it was chosen to be included in several National Performance Review (NPR) activities such as the royalty reinvention laboratory to simplify and streamline the royalty collection process.

The MMS is committed to the safe and environmentally-sound development of our Nation's offshore mineral resources ultimately resulting in an enhanced quality of life for all Americans and fair compensation for the use of those resources. In this process, the OCS contributes significantly to the use of natural gas as the environmentally and economically preferred fuel. Natural gas from the Federal OCS represents approximately 27 percent of U.S. production, and natural gas production in FY 1995 will provide almost 33 percent

of total MMS revenue receipts for all mineral production onshore and offshore.

The MMS Offshore program is also involved in NPR reinvention efforts. The Secretary's Performance Agreement with the President designates MMS as a pilot for opinion research initiatives. The Public Information Function in the Gulf of Mexico Region, Offshore Minerals Management, has been selected to carry out the pilot to define who their customers are and to develop service standards that are equal to the best in the business.

Highlights of FY 1995 Budget

For FY 1995, the Minerals Management Service is requesting \$201.2 million for its operations, an increase of \$2.7 million over FY 1994. This request is contained in two appropriations, the Royalty and Offshore Minerals Management appropriation and the Oil Spill Research appropriation. In addition, the Minerals Management Service will administer three permanent appropriations providing States' their statutory shares of mineral leasing revenues generated on Federal lands. These permanent accounts total \$519.6 million.

Through appropriation language, the MMS is seeking increased authority of \$2.4 million (for a total of \$7.4 million) to be credited to the Royalty and Offshore Minerals Management account from additions to current preset receipts and additional fee collections relating to OCS

administrative activities performed by the MMS. To date, the only category of preset receipts which have been raised are OCS rental rates which have been increased from \$3 / acre / year to \$5 / acre / year. These receipts will support the Technical Information Management System (TIMS) effort. This effort will provide the MMS offshore program with the necessary \automated tools to better carry out its mission in an environmentally sound manner and insuring proper monetary return to the U.S. Government for leased resources.

Major Initiatives

The net increase of \$2.7 million included in our operating accounts is built on four basic initiatives for FY 1995. These initiatives are listed in detail below.

Enhanced Revenue Collections

Several efforts to improve Royalty Management Program revenue collections are expected to provide very positive returns. An increase of \$3.4 million and 29 FTE is requested for the auditing of contract settlements. This effort is estimated to generate \$252 million in additional revenues from 1994 through 1999, including an estimated \$82 million in FY 1995.

A proposed increase of \$2 million and 25 FTE will provide start-up costs to collect information, create a data base, and enhance the

current accounting systems to account for production and royalty payments collected from hardrock mining conducted on Federal lands. This increase request is based on our current analysis of the pending House bill (HR 322) proposing to amend the General Mining Law of 1872 with the assumption that royalties will be due on 1,300 producing mines (300 high producing mines with 75 claims each and 1,000 low producing mines with 5 claims each).

Finally, an increase of \$0.7 million and 11 FTE will provide increased revenue enhancements in the Royalty Management Program. These enhancements are projected to provide additional revenues of \$5.5 million per year primarily through expanded processing of exceptions identified by the automated royalty programs.

Environmental Studies Program

The proposed funding will provide an additional \$3.3 million to support quality science in MMS operations. This increase will be applied to the Environmental Studies program element to allow full funding of Coastal Marine Institutes and University initiatives with various States, including Alaska, California, and Louisiana; the continuation of ongoing research; and the initiation of critical studies in the Eastern Gulf of Mexico and other areas. This increase will restore funds reduced in the FY 1994 Appropriations process. This restoration will allow the MMS to realign and leverage funding with State institutions, to the maximum

extent possible, to ensure that decisions are rooted in a strong scientific framework that is defensible, logical, and credible.

Downsize Offshore Program

The proposed decrease of \$4.6 million and 59 FTE in various programs reflects the continued downsizing of the Offshore Program consistent with the smaller and more focused 5-Year Comprehensive Program for 1992-1997, redirection of funding to the Environmental Studies Program, implementation of National Performance Review recommendations, and significant reductions in the Headquarters and Alaska offices.

Oil Spill Research

The Oil Pollution Act of 1990 has expanded various OCS program activities into State coastal waters. The 1995 request for this appropriation includes an increase of \$1.2 million and 16 FTE. This increase will provide for inspections and oil spill plan reviews for operations in State coastal waters, as well as increased review of financial records to ensure that operators in State and Federal offshore waters meet new financial responsibility requirements.

Administrative Streamlining and Cost Reductions

A net decrease of \$3.3 million and 82 FTE in the various programs is related to increased rental costs, pay increases offset by decreases for streamlining initiatives and FTE reductions called for in Executive Orders.

Statement for the Record
regarding the FY 1995
Office of Surface Mining Reclamation and Enforcement
Budget Request
before the
Subcommittee on Energy and Mineral Resources
Committee on Natural Resources
U.S. House of Representatives
February 23, 1994

It is important to outline the specifics of the Office of Surface Mining Reclamation and Enforcement's (OSM) Fiscal Year (FY) 1995 budget request and highlight a few issues that deserve some attention.

Interim Management Team

On November 15, 1993, Secretary Babbitt introduced a team intended to manage and evaluate the agency during the interim before OSM's new director is confirmed. The Secretary gave his mandate and blessing to the Interim Management Team (Team) to implement any changes which may need to take place in OSM. The Team has conducted a bottom-up review of the agency. The initial survey of field offices, support centers, and headquarters is complete and has given fresh insight into what changes need to be enacted to make OSM run more effectively. Interviews with State officials, coal industry representatives, interested citizens, and environmental groups have also yielded insights and helpful suggestions. Many of the comments mirror the findings in the House Appropriations Committee investigative report on OSM practices. The management team's recommendations will include changes which, along with those already being implemented, correct the policy and management problems that have been identified in OSM. With the confirmation of a new Director expected in the near future, full implementation will proceed expeditiously. However, the primary concern is to ensure a smooth and seamless transition to the new Directorship.

Any recommendations that are made to the new OSM Director will follow the guidance set out by the Vice President in the National Performance Review (NPR). The NPR calls for the elimination of regulatory overkill in government and places a special emphasis on empowerment of government workers at the lowest level, expedited and streamlined reviews, and negotiated rulemaking.

OSM has endured a great amount of criticism and numerous pendulum swings of policy particularly over the last twelve years. To say that OSM does not have problems that must be addressed would be misleading. On the other hand, OSM has done some things well. Three of these success stories are the Applicant/Violator System, the Finance and Accounting Directorate, and the Technical Information Processing System.

Applicant/Violator System

One of the goals of Surface Mining Control and Reclamation Act of 1977 (SMCRA) is to ensure that all operators play by the same basic rules. SMCRA's provisions barring permit applicants with outstanding violations from getting new permits is probably the most practical and one of the strongest enforcement mechanisms of any environmental law. A court order resulted in the development of the Applicant/Violator System (AVS) in 1987 and the creation of the Applicant/Violator System Office (AVSO) in 1990. OSM now has a system in place to ensure permits are not improvidently issued and the AVS has become one of the major accomplishments of OSM.

OSM is continually trying to improve the system. The AVS software has been redesigned and enhanced to provide less costly, more accurate results in a fraction of the time once required. The AVSO has also improved relationships with the State regulatory authorities, by providing technical assistance to all state users and appointing contacts to each state to work directly with state staff and local mine operators. A committee comprised mainly of state users enables AVSO to solicit technical input from the state staffs and build improved relationships with them. By increasing cooperation with states and sharing data with other OSM offices, the AVSO has increased revenue by identifying with greater accuracy operators who fail to pay AML fees. The improvements made in the AVSO in recent years have resulted in a more effective implementation of SMCRA and improved the overall compliance by the coal mining industry.

Finance and Accounting

Another success story at OSM is in the Finance and Accounting area. In 1985, OSM's accounting was in a state of disarray. Under the direction of Secretary Watt in the first years of the Reagan Administration, the OSM was subjected to intensive deregulation. The number of field offices was reduced from 42 to 22 and the duties of the agency were greatly reprioritized. The collection of civil penalties fell by the wayside. Thirty thousand Notices of Violation (NOVs) issued between 1979-1983 went unprocessed. All these NOVs have since been processed and presently only 1,319 outstanding accounts receivable are on the books. Eleven million dollars was collected. Since that time OSM's finance and accounting system has come a long way. In fact, in 1992, the OSM was the only agency in DOI issued a "clean opinion," by the Inspector General. This is the highest mark possible in accounting. Few agencies in all of government ever attain this standard.

Technical Information Processing System

Another computer system which has increased cooperation between the State Regulatory Authorities and OSM is the Technical Information Processing System (TIPS). TIPS is used by both OSM and the states to carry out technical regulatory responsibilities under SMCRA. It can assist with conducting reviews of permits, performing cumulative hydrologic impact assessments, quantifying potential effects of coal mining, quantifying revegetation success, designing abandoned mine land reclamation projects, and preparing environmental assessments and environmental impact statements.

These three programs are ones OSM is justifiably proud of. But perhaps the proudest accomplishments are in the number of lives and homes saved, the number of emergencies prevented, the amount of land reclaimed to its natural state. This is what OSM is really about and the people at OSM consider these sometimes hard-to-measure statistics as the most important justification for our continued efforts.

State-Federal Relations

Secretary Babbitt has charged OSM with improving relationships with the States. An antagonistic relationship between the States and OSM results in lost time fighting with each other instead of doing the job of enforcing the law. It certainly is no secret that there is room for improvement here, and this is a top priority. However, it must be recognized that the scheme of state primacy with federal oversight provided for in the Surface Mining Control and Reclamation Act of 1977 (SMCRA) is always going to produce a certain amount of tension. A state is always going to want to read "primacy" as "exclusivity," while at the federal level, "oversight" will never be interpreted to mean "overlook."

OSM is ready to sit down with all the interested parties in order to explore various routes to finding some common ground. Citizens are not satisfied with the response of the states to their complaints, and have increasingly come to OSM to resolve their concerns, demonstrated through increased numbers of Ten Day Notices (TDN) and informal appeals based on citizen complaints. It's time to explore what's blocking channels of communication between the states and citizens. If the citizens had more confidence in the states' willingness to treat them fairly, OSM would receive fewer requests from them to intervene in enforcement, permitting, and other issues.

OSM's goal is to establish consistent regulatory policy at Headquarters, which will be implemented in the field. While OSM is prepared to aggressively use its statutory tools of enforcement, every effort will be made to use these tools more consistently so that the states and industry won't have to deal with a constantly changing regulatory environment. OSM will pursue a course based on strong, fair enforcement of the law, aggressive outreach to the states, citizens, and the regulated community, and consistent and predictable administration of the regulatory program.

Specific highlights of the Fiscal Year 1995 Budget Request follow:

Fiscal Year 1995 Budget Request

OSM's FY 1995 budget request is \$278.4 million, which represents a decrease of \$23.5 million from the 1994 enacted level. This decrease is primarily the result of a \$10.0 million reduction funding for state reclamation program grants and elimination of funding for the \$13.2 million Rural Abandoned Mine Program. The budget is fiscally sound and meets the spending constraints and deficit reduction goals set forth by the White House.

OSM's FY 1995 budget focuses on **meeting the President's goals for reinventing government and streamlining the federal government** ensuring that the agency will have a solid budgetary foundation for the challenges it will face in the 1990's.

Regulation and Technology

The FY 1995 request for the Regulation and Technology appropriation is \$111.4 million, a decrease of \$348 thousand from the FY 1994 enacted level. Also included in this request is \$1.2 million in indefinite appropriations for post-Act reclamation.

In FY 1995, OSM is requesting \$51.6 million for state regulatory program grants. This is no change from the level of funding for State regulatory grants in FY 1994. These grants fund up to 50% of the States' cost of administering their regulatory programs, including participation in the Applicant/Violator System (AVS).

Funding of Regulatory Program Operations is proposed at \$23.1 million, an increase of \$1.3 million over FY 1994. The increase is composed of uncontrollable cost changes and a request for \$1.5 million in funding so that OSM can invest in restructuring the agency. The funds would be used to address concerns raised by the National Performance Review and the House Appropriations Committee investigative report. OSM views this as an increase that will yield savings in the outyears by increasing operating efficiencies and by reducing staffing and associated costs.

The request for Technical Services, Training and Research is \$14.4 million, an increase of \$515,000. This reflects various uncontrollable cost changes, a reduction of \$100,000 for research, and an increase of \$753,000 for the restructuring initiative.

The Assessments and Collections subactivity request is \$7.8 million for FY 1995. This is a decrease of \$1.5 million. Most of the reduction is due to administrative streamlining savings related to reduced computer expenses and a one time increase for the Applicant/Violator System in FY '94.

Dual Appropriation

General Administration is divided into three subactivities: Executive Direction, Administrative Support, and General Services. The total request for these three areas is \$19 million, a decrease of \$1 million divided between the Regulation and Technology and Abandoned Mine Lands appropriations. The majority of the decrease is due to reductions in uncontrollable and related costs such as rental payments and centralized charges for OSM's operations, and for OSM's share of the savings resulting from a streamlining of the Department's personnel operations.

Abandoned Mine Land Fund

\$166.9 million is requested for Abandoned Mine Land Reclamation. This is a decrease of \$23.1 million from FY 1994. Most of the decrease, \$13.2 million, reflects the elimination of the Rural Abandoned Mine Program (RAMP). The rest of the decrease, \$10 million, is for State Reclamation Program Grants.

The request includes \$125 million for State Reclamation grants. This is a \$10 million decrease from FY 1994. States continue to carry over, from year to year, large amounts of funds deobligated from prior grants and funds awarded but not yet used. In FY 1993, \$67 million was carried into FY 1994. Both the carryover and recovered funds, when combined with the requested new funding, will allow States to address their reclamation needs.

The proposed funding of the Fee Compliance subactivity at \$6.5 million will allow OSM to continue its program of auditing coal companies to ensure prompt and accurate payment of AML fees. A slight decrease of \$36,000 reflects uncontrollable cost changes for such things as fewer paid work days in FY 1995.

The request for Federal Reclamation Program Operations is \$27.1 million, an increase of \$533,000 over FY 1994. This increase reflects uncontrollable cost changes and funding of \$792,000 for the OSM restructuring initiative and a decrease of \$250,000 for high priority projects.

As in previous years, the Administration is proposing phasing out the Rural Abandoned Mine Program (RAMP) administered by the Department of Agriculture's Soil Conservation Service. This year, the Administration is requesting zero funding for RAMP. The Administration believes that this program's duplicative delivery system must be eliminated in an effort to streamline the federal government.

Funding of the Small Operator Assistance Program (SOAP) at the requested \$1.8 million level reflects no change from FY 1994. The request, combined with an anticipated \$1.6 million in carryover funds, will allow for continued assistance to small operators in meeting data requirements for new mining permits.

This concludes the discussion of the Office of Surface Mining's Fiscal Year 1995 budget. This budget provides an appropriate funding level to accomplish the goals set forth in the Surface Mining Act.

STATEMENT OF DEBRA S. KNOPMAN

Mr. LEHMAN. And you may begin.

Ms. KNOPMAN. Thank you, Mr. Chairman and members of the subcommittee.

I am very pleased to have the opportunity here to present an overview of the fiscal year 1995 budget for the Bureau of Mines and the Geological Survey. Accompanying me here today are Bob Hirsch, the Acting Director of the U.S. Geological Survey, and Dr. Hermann Enzer, Acting Director of the Bureau of Mines, in addition to our budget people from both bureaus.

I wanted to bring these two individuals to the attention of the subcommittee because they have done an extraordinary job over this last year, parts of last year and this year, to fill very tall orders of running these bureaus while we are waiting for political appointees to assume their place.

I will add that Dr. Gordon Eaton, the nominee for the Director of the Geological Survey, cleared the Senate Energy Committee this morning and so presumably his nomination will be brought to the Senate Floor sometime next week.

As you know, both of these bureaus, in addition to the National Biological Survey, constitute the core scientific research activity in DOI. They represent a very important part of this Department's plans now for carrying on our land management responsibilities with a sound scientific basis.

Let me just give you a few highlights. In this past year, the Geological Survey has played a prominent role in the response to the Mississippi River floods, documenting the extraordinary stream flows, responding rapidly with maps and other information that have been vital to the States affected in the region.

We are proud of the work that the Survey has done and is continuing to do in that area. This year, 1994, the Geological Survey began work in 20 new study areas for the National Water Quality Assessment program, which affects 36 States.

This is the second phase of the NAWQA program, as we call it. In 1995, work will continue in 15 of these areas. Complete execution of NAWQA will provide the first national in-depth analysis of water quality conditions and trends to help us manage and protect our water resources better.

We have also included in the USGS 1995 budget an increase of \$1 million for cooperative work with the Bureau of Reclamation on the development of computer-based water management models.

We think this is important to the Bureau of Reclamation, which goes through another subcommittee, but the work between the two bureaus is important, we think, in getting the Bureau into the direction of water management. The USGS also responded to the information needs related to the Northridge earthquake near Los Angeles, and studies, investigations, are continuing to identify the faults responsible for the main shock and aftershocks.

The close communications with other Federal agencies, the States and other research institutes and other organizations are continuing. An important component of this 1995 budget is a new item which we call "critical ecosystems research and assessments." And this includes a budget request level of \$11.8 million.

This will support a multidisciplinary scientific response to the Nation's resource management problems such as research in south Florida, the San Francisco Bay and Delta areas, and the Columbia and Klamath/Trinity River basins in the Pacific Northwest. We think this is an exciting idea where the scientists of the three primary operating divisions of the Geological Survey will be working in concert with others in Interior to address these major resource problem areas.

As part of our new initiatives in 1995, USGS is taking the lead for the Federal Government in developing the framework for the National Spatial Data Infrastructure, known as NSDI, under the aegis of the Federal Geographic Data Committee. To underscore the importance the Department places on this activity, Secretary Babbitt has chosen to chair the Federal Geographic Data Committee and it has made a very big difference in the attention and cooperation we are getting from other Federal agencies to improve access to and use of accurate and current spatial data for a wide variety of environmental, economic and social purposes.

The 1995 budget will also include a new assessment of our Nation's undiscovered oil and gas resources. This will be completed in 1995. Plans are being made to expand our coal environmental activities to improve understanding of the regional geologic factors that affect acid drainage due to coal mining.

In 1994, USGS will be completing national plans for the energy resource surveys and marine and coastal geologic programs as requested by Congress. Several programs have been refocused on increased environmental studies of resource and hazardous materials.

To accomplish these investments, USGS had to make some hard choices among several budget items. Working effectively within a flat budget to fund new initiatives meant giving up some other things. It was necessary to eliminate support of the Water Resources Research Institutes due to these budget constraints.

This program had provided annual support of \$5.8 million at 54 land grant universities. The Institutes have been very successful in developing other sources of governmental and private funding, however.

Although this is certainly not a complete listing, this does represent some of the most significant initiatives of the USGS 1995 budget and those which I believe the subcommittee may have an interest in.

Let me now turn to the Bureau of Mines. In the past year, the Bureau of Mines has made a major effort to respond to the directions outlined in the Vice President's National Performance Review, by nearing completion of an internal program review. This was a thorough review of programs, facilities, organization, operational policies and procedures, to determine directions and opportunities for the future.

The review has been sent out for comment to all employees, congressional committees and delegations, industry, labor and environmental groups. Many comments were received.

The Bureau of Mines is in the process of revising the original document and the Department will soon thereafter conduct its final review. We hope to complete this process within the next several

weeks. Based on this program review, the Bureau proposes to strengthen its core capabilities by restructuring its ongoing activities into three program areas: environment, health and safety, and mineral information.

The Administration strongly supports the Bureau of Mines' reinvention effort. We want it to succeed to prepare the Bureau for the next century. I am going to repeat that statement, because I don't say it lightly.

We want this effort to succeed. We are trying to bring about constructive change. The consequences of not doing so are a continuing degradation of programs across the board, cuts that hurt the strong programs as well as the weaker programs, and a continuing decline in employee morale as they watch their institution remain static as the world around them changes.

Even if the budget were higher for the Bureau of Mines, we would still be here proposing essentially the same change in direction. I think that is an important point. The increased emphasis in the Bureau of Mines budget in 1995 on the development of environmental technology reflects the high priority the Administration has placed on cleaning up past mining sites.

The traditional strengths of the Bureau are in extraction and separation technologies for very large but very dilute systems. Building on these strengths, the Bureau is now developing the basis for technology to extract metal contaminants from mining waste and other hazardous waste sites.

We think the Bureau of Mines has an important role to play in achieving the Administration's objectives in these areas. At the same time, we think the Bureau needs to move toward a partnership arrangement with the industry through cost-sharing and other creative means to continue to address industry's highest research priorities.

In conformance with the National Performance Review goals and anticipated budget reductions, the draft program review recommends the creation of Centers of Excellence, each specializing in solving a specific set of problems in defined areas of expertise.

I would be happy to answer further questions on that, but at this time, the Bureau is recommending and the Department will be reviewing the formation of four Centers of Excellence. And there would be satellites that we are identifying, satellite centers that would feed into these Centers of Excellence.

The criteria for the proposed locations for the Centers of Excellence were the quality of the physical structure, the geography, transportation routes and technical capabilities currently at the location. We envision at this time that the transition to Centers of Excellence would take about five years.

We think this is important for a number of reasons: Fewer centers will result in greater economies of scale, with less overhead and more funds to do our work. As many of you may know, we have 14 different facilities in the Bureau of Mines.

Resources are spread rather thinly among them. We simply can't continue to support that kind of infrastructure on the program dollars that we have. We also believe that the Centers of Excellence would encourage a multidisciplinary approach more than is cur-

rently going on. We also believe the customers will be better served.

As a first step in this direction, the Bureau proposes to close the Alaska Field Operation Centers in both Anchorage and Juneau, Alaska, and Research Centers located in Rolla, Missouri, and Tuscaloosa, Alabama, at the beginning of fiscal year 1995.

In addition, Denver operations including the Intermountain Field Operations Center, the Minerals Availability Field Office, and the Denver Research Center will be consolidated. At least one management layer will be eliminated in the field and in headquarters.

We believe there is substantial trimming that the Bureau of Mines could stand in administrative services throughout the organization as well. Internal and external review committees will be established.

The Bureau will strengthen its research efforts through increased partnerships and contracting and better integrating the Minerals Institute's program with the Bureau of Mines research program. We will also be implementing the National Performance Review recommendations for helium. There are some things we can do now, but we will be awaiting congressional action on the debt issue.

I think I will conclude my comments at this time. I would be happy to take any further questions.

[Prepared statement of Ms. Knopman follows:]

Statement of
Debra S. Knopman
Deputy Assistant Secretary -- Water and Science
House Committee on Natural Resources Subcommittee
on Energy and Mineral Resources

February 23, 1994

Good Afternoon Mr. Chairman:

My name is Debra Knopman. I am the Deputy Assistant Secretary for Water and Science. I am pleased to be here today to present to the Subcommittee an overview of the FY 1995 budget requests for the U.S. Geological Survey (USGS) and the U.S. Bureau of Mines (USBM).

U.S. Geological Survey

FY 1993 was a productive year for USGS and FY 1994 will be equally challenging. USGS is concentrating its efforts on activities and programs that will enhance the safety and well-being of all Americans. With regard to water resources, we are completing the work that we started in the summer of 1993 documenting the hydrological aspects of the Mississippi River floods. USGS has documented recorded all-time high streamflows at 42 USGS stream gaging stations on 33 streams in 7 mid-western States. High concentrations of the herbicide atrazine were observed during these peak flows at many locations. In FY 1994, USGS began work in 20 new study areas impacting 36 States for the second phase of the NAWQA program. In FY 1995, work will continue in 15 of these areas. Complete execution of NAWQA will provide the first national, in-depth analysis of water quality conditions and trends to help us manage and protect our water resources better. Also included in the budget is an increase of \$1 million for cooperative work with the Bureau of Reclamation on the development of computer based water management models. This increase will support the development, testing and implementation of models and fully integrated data management systems that will help water managers, policy officials, and users to achieve improved water management.

USGS responded to information needs related to the magnitude 6.8 Northridge Earthquake near Los Angeles. USGS is continuing post-earthquake investigations to identify the faults responsible for the main shock and aftershocks. Close communication with FEMA, the State of California, the Southern California Earthquake Center, the Earthquake Engineering Research Institute and other organizations is occurring to coordinate mitigation and monitoring activities.

The FY 1995 budget request for USGS totals \$583.7 million, a \$1 million decrease from the enacted FY 1994 level. Within the total, USGS has significantly redirected resources in program areas to provide the funding for the Survey's scientists to address projects that are most critical in importance to the Department and to the Nation. To this end, USGS has redirected budgetary resources in FY 1995 to establish a new budget activity entitled *Critical Ecosystems Research and Assessments*. This program includes a budget request level of \$11.8 million for FY 1995 and will support a multidisciplinary, scientific response to the nation's resource management problems, such as research in South Florida, the San Francisco Bay and Delta areas, and the Columbia and Klamath/Trinity River basins in the Pacific Northwest. Projects will build on available knowledge of these ecosystems and will permit the Survey to focus much needed expertise toward a timely response to the natural resource and environmental problems that occur in these areas of concern to the Department of the Interior and the Nation.

As part of our new initiatives in FY 1995, USGS is taking the lead in developing the framework for the National Spatial Data Infrastructure (NSDI), under the aegis of the Federal Geographic Data Committee. The NSDI is a cross agency coordination effort to improve access to, and use of, accurate and current spatial data for a wide variety of environmental, economic and social purposes. The NSDI will foster cooperative agreements among Federal, state, and local agencies, and industry, to produce data and technologies for finding, sharing, and using geospatial data. The USGS budget in FY95 contains a \$6 million increase for NSDI.

In FY 1995, a new assessment of our Nation's undiscovered oil and gas resources will be completed. Plans are being made to expand our coal environmental activities to improve our understanding of the regional geologic factors that affect acid drainage due to coal mining. In FY 1994, USGS will complete national plans for the Energy Resource Surveys and Marine and Coastal Geologic programs as requested by Congress. Several programs have been refocused on increased environmental studies of resource and hazardous materials.

To accomplish these investments, USGS had to make hard choices among several budget items. It was necessary to eliminate support of the Water Resources Research Institutes due to budget constraints. This program had provided annual support of \$5.8 million at the 54 land grant universities. The Institutes have been very successful in developing other sources of governmental and private funding, however.

Although certainly not a complete listing, these represent some of the most significant initiatives of the USGS FY95 budget and those in which I believe the subcommittee may have an interest.

U.S. Bureau of Mines

In the past year, USBM has made a major effort to respond to the directions outlined in the Vice President's National Performance Review (NPR) by nearing completion of an internal Program Review, which included a review of its programs, facilities, organization, and operational policies and procedures to determine directions and opportunities for the future. The review was sent out for comment to all employees, Congressional committees and delegations, industry, labor and environmental groups. Many comments were received. The Bureau of Mines and the Department are in the process of revising the original document. We hope to complete this process within the next several weeks.

Based on this program review, the Bureau proposes to strengthen its core capabilities by restructuring its ongoing activities into three program areas:

- **Environment:** develop waste remediation technologies, demonstrate them on public lands, and develop clean technologies for pollution prevention and control.
- **Health and Safety:** focus on accident prevention, risk reductions, and develop technologies that result in safer mining systems.
- **Mineral Information:** concentrate on major minerals, countries and issues.

The Administration strongly supports the USBM reinvention effort. We want it to succeed to prepare USBM for the next century. The increased emphasis on the development of environmental technology reflects the high priority the Administration has placed on cleaning up past mining sites. The traditional strengths of the USBM are in extraction and separation technologies for very large but very dilute systems. Building on these strengths, the Bureau is now developing the basis for technology to extract metal contaminants from mining waste and other hazardous waste sites, thereby allowing permanent cleanup of the sites. Thus, USBM can play an important role in achieving the Administration's objectives in these areas. At the same time, the USBM, in partnership and through cost-sharing with industry, can also continue to address industry's highest research priorities.

In conformance with the NPR goals and anticipated budget reductions, the draft program review recommends the creation of Centers of Excellence, each specializing in solving a specific set of problems in defined areas of expertise. The draft program review originally proposed five Centers of Excellence. However, we have concluded that the information programs, unlike research, need not be concentrated in a single location. Consequently, we are recommending that four Centers of Excellence be created and complementary data collection and analytic services be provided at headquarters and in the field.

The proposed locations for the Centers of Excellence were chosen based on the quality of the physical structure currently at these locations, geography, transportation routes, and the technical capabilities currently at the location. Those research locations not designated as a future Center of Excellence would become satellites to one of the Centers.

The transition to centers of Excellence is envisioned to take about five years. Creation of the Centers and consolidation of the satellites are needed for a number of reasons. Fewer centers will result in greater economies of scale, with less overhead and more funds to do our work. Complex environmental problems require multiple disciplines to solve them. If economists, botanists, geologists, biotechnologists, hydrologists, mining engineers and perhaps even lawyers are in a Center of Excellence, it will be much easier to form teams to solve problems in that mission area. The possibility of duplication between centers is reduced since each has a unique mission. Our customers would be better served since they can get all information on solving a problem from one Center of Excellence.

As projects are finished in a satellite new work would be started in the designated Center of Excellence. In some cases, a block of projects may be transferred as a unit to the Center of Excellence. Within budget constraints, individuals at satellites may be transferred to their Center of Excellence on a competitive basis. A similar method would be used for work now located in an unrelated Center of Excellence. The projects would either be phased out or transferred to the appropriate Center of Excellence. Out-placement service for USBM employees who do not wish to move would be provided. New project starts would occur only at a Center of Excellence.

As the first step in this direction, the Bureau proposes to close the Alaska Field Operations Center (Anchorage and Juneau, Alaska) and Research Centers located in Rolla, Missouri and Tuscaloosa, Alabama at the beginning of FY 1995. In addition, Denver operations, including the Intermountain Field Operations Center, the Minerals Availability Field Office and the Denver Research Center will be consolidated. At least one management layer will be eliminated in the field and in headquarters. Internal and external review committees will be established. USBM will strengthen its research efforts through increased partnerships and contracting, better integrating the Minerals institutes program within the USBM research program, and implementing many of the National Performance Review recommendations for helium.

The President's Budget requests \$150.7 million for the Bureau of Mines, a decrease of \$19.7 million from the FY 1994 appropriation. The request for information and analysis activities totals \$30.1 million and reflects various reductions and redirections. The commodities and international mineral programs will focus more on major commodities and producer countries to increase program efficiency. Mineral land assessments used in routine planning by land management agencies will be

discontinued although funds remain to respond to special analytical requirements. Work will continue to be performed on a reimbursable basis. The request for the research program totals \$96.4 million. The budget requests a \$3.8 million increase for environmental research which will enhance the Mines' hazardous waste treatment technology program.

The request for the health, safety and mining technology program is a \$5.9 million decrease below the FY 1994 appropriation. This decrease is based in part on recommendations from the program review to concentrate on the highest priority, long-term solutions rather than scattering funds over a number of problems with a multitude of small projects. Consistent with the Administration's proposal of earlier this year, \$6.5 million is requested for the Mineral Institute program with a view to phasing out the program in FY 1998.

This completes my testimony. Again, I appreciate the opportunity to present the FY 1995 budget request to the committee today. I would now be pleased to answer your questions.

U.S. Bureau of Mines FY 1995 Budget
Statement for the Record
Before the House Natural Resources Subcommittee
on Energy and Mineral Resources

February 23, 1994

The President's request for the U.S. Bureau of Mines is \$149,488,000, a decrease of \$19.9 million from the FY 1994 Appropriation.

FY 1995 U.S. Bureau of Mines Directions

The Bureau has responded to the directions outlined in the Vice President's National Performance Review and is completing its own internal Program Review which is intended to maximize its relevance to Administration and Departmental priorities; develop programs to solve national problems; improve programs by project redirection, cost sharing, or cancellation; and formalize internal and external peer reviews. The Bureau proposes to strengthen its core capabilities by restructuring its ongoing activities into three program areas. The three areas are:

Environment

- ▶ Develop waste remediation technologies and demonstrate them on public lands
- ▶ Develop clean technologies for pollution prevention and control

Health and Safety

- ▶ Focus on accident prevention and risk reduction
- ▶ Develop technologies that result in safer mining systems

Mineral Information

- ▶ Concentrate on major minerals, countries and issues.

Along with this program restructuring, the Bureau will reduce its FY 1995 budget and staff, as requested in its budget justifications. In accordance with the proposed Program Review, over a multi-year transition period, four Centers of Excellence, along with minerals information activities, would ultimately replace the Bureau's current field organization of three Field Operations Centers, one Minerals Availability Field Office, and nine Research Centers. Each Center would have a specific expertise related to the program areas referenced above. The minerals information components would be consolidated into two locations. The areas of expertise of the four Centers of Excellence for research would be as follows:

**Environmental Remediation
Pollution Prevention and Control
Health and Safety
Materials Research Partnerships**

Centers of Excellence are intended to be preeminent authorities on particular minerals techniques, technology developments, and information that is useful to the Nation, DOI and other USBM customers.

Centers of Excellence and consolidation are needed for a number of reasons. Fewer centers will result in greater economies of scale, with less overhead and more funds to do our work. Complex environmental problems require multiple disciplines to solve. If economists, botanists, geologists, biotechnologists, hydrologists, mining engineers and perhaps even lawyers are in a Center of Excellence, it will be much easier to form teams to solve the complex problems in a reasonable timeframe. Each center will have a unique mission and resources will be committed to solving problems in that mission area. The possibility of duplication between centers is reduced since each has a unique mission. Our customers will be better served since they can get all information on solving a problem from one Center of Excellence.

As the first step in this direction, the Bureau proposes to close the Alaska Field Operations Center (Anchorage and Juneau, AK), and Research Centers located in Rolla, MO, and Tuscaloosa, AL at the beginning of FY 1995. In addition, Denver operations, including the Intermountain Field Operations Center, the Minerals Availability Field Office, and the Denver Research Center will be consolidated beginning in FY 1995. Concurrently, the Bureau will be eliminating at least one management layer each in the field and headquarters, establishing internal and external review committees, strengthening its research efforts through increased partnerships and contracting, integrating the Mineral Institutes within USBM research, and implementing several of the National Performance Review recommendations for Helium.

Once finalized by the Department, the Program Review will provide the vision for the future direction of the U.S. Bureau of Mines including a multi-year transition period. The Bureau, which has the support of the Administration, will work with affected members of Congress and public customers to begin to build a consensus on the Bureau's mission. The Department and the Administration hope that in the future the U.S. Bureau of Mines can focus its attention on solving National environmental and waste problems, as well as those health and safety problems that still endanger the Nation's miners.

PROGRAM REDIRECTIONS

Redirections and reductions totalling \$19.9 million from the FY 1994 enacted appropriation will be achieved in the following areas:

Information and Analysis

The Information and Analysis program will be reduced by \$10.5 million and 150 FTE by reducing the Mineral Land Assessment, Minerals Availability, State Mineral Activities, International Mineral Studies, Commodities and Materials, and Statistics and Information Services programs.

The Mineral Land Assessment program provides information on the mineral potential of Federal lands. Most of this work is done in support of routine land planning efforts by the Bureau of Land Management and the U.S. Forest Service. Some is done for other Federal agencies in response to specific policy issues, such as the determination of critical habitat areas for endangered or threatened species, or for estimating the economic potential of mineral resources on public lands. Mineral assessment work will be continued when the work addresses a major Departmental policy issue, or when it is mutually agreed to and funded by a reimbursement to USBM. Assessments used in routine planning by the land management agencies will be discontinued and funding will be reduced by \$4.6 million. The Alaska Field Operations Center will be closed and the Intermountain Field Operations Center will be consolidated with other facilities in Denver.

The Minerals Availability activity consists of cost evaluations of the major domestic and foreign mineral deposits. The data and information used in making these estimates as well as the results of the engineering and economic evaluations are maintained in a data base which is used in a variety of policy studies. Changing domestic and world conditions required a reevaluation of these activities. A smaller and more clearly focused activity will be achieved by concentrating on key commodities and by eliminating all work on coal reserves. Funds will be reduced by \$1.8 million and the Minerals Availability Field Office will be consolidated with related activities.

State Minerals Activities are a component of the Land & Mineral Resources program. The Bureau has stationed personnel in several field locations to collect mineral data and information from each of the 50 States. The USBM will continue to collect and publish statistics on mineral commodities produced in the States; however, the State Mineral Officer positions will no longer be funded and the reporting of other non-statistical information will be discontinued. Most of the information published in the state reports will still be available from other sources. A savings of \$1.4 million will result.

Mineral Environmental Studies will be expanded and funding increased by \$1.0 million to conduct additional abandoned mined lands inventory and site characterization efforts in support of the Bureau of Land Management, the National Park Service, and the U.S. Forest Service.

The Commodities and Materials program provides data and analyses on material flows in the U.S. economy from extraction to ultimate disposal or reuse. By focusing on key commodities the number and frequency of basic commodity reports and special studies will be reduced. All advanced material analyses and reports will be eliminated. A savings of \$1.2 million will be realized.

The International Mineral Studies program provides expertise on the mineral-producing and consuming countries of the world. Country specialists collect, evaluate, interpret, and report country-specific minerals and materials data worldwide and provide advisory services in their specialties to government and industry. In the future, the Bureau will concentrate its data collection and dissemination activities on major mineral producing and consuming countries, while reducing coverage of minor countries. Support for international trade policy analysis will continue, but funding for International Minerals Availability studies will be eliminated, saving \$0.9 million.

Statistics and Information Services support the Mineral Commodities and International Minerals programs. Funding for the computer-related support activities, such as maintenance of the local-area network will be continued; however changes to other activities paralleling the reductions in Commodities and International Minerals will enable savings of \$1.6 million.

Research

Redirection and research reductions of \$8.8 million and 142 FTE from the FY 1994 enacted appropriation are proposed. Some of these reductions will be realized by consolidating the Denver Research Center with other facilities. Minerals and Materials Science reductions total \$5.0 million and 58 FTE; some will be realized by closing the Rolla and Tuscaloosa Research Centers. Environmental Technology research will be increased by \$3.8 million. Mineral Institute research grant funding will be reduced by \$1.6 million.

Environmental Technology research seeks to mitigate or eliminate liquid and solid waste problems associated with minerals production. USEM also addresses hazardous waste treatment technology, which seeks to assist in the remediation of areas that have been affected by minerals-related activities. An example would be the cleanup of soils contaminated by lead. The Bureau also addresses environmental problems associated with abandoned coal mines. These efforts support the programs carried out by Primacy States and the Office of Surface Mining. The Bureau will expand its programs with

an increased emphasis on waste remediation. Technologies will be demonstrated at specific sites selected with land management agencies.

Increased emphasis on remediation technology research by the USBM has led the Department of the Interior and many other Government Agencies to recognize the USBM capabilities and expertise in this area. The Environmental Protection Agency, the National Park Service, the Bureau of Indian Affairs, the U.S. Forest Service, the Department of Energy and the Departments of Navy and Army have established agreements to utilize the Bureau's expert technical resources. Increased funding in Hazardous Waste Treatment allows USBM to further our cooperative efforts with our government partners in developing and demonstrating effective, cost-efficient treatment technologies for remediation of contaminated sites. In addition it will help in characterizing and determining effective remediation/reclamation options.

Health, Safety and Mining Technology research addresses short-term problems in health and safety in several program areas, as well as seeking long-term solutions by developing technologies that result in safer mining systems. The Bureau believes that the long-term programs are funded at appropriate levels. It is not evident that committing additional resources now would significantly reduce the time until breakthrough technologies, such as fully automated equipment, become commercially available. Concentrating on the highest priority efforts and eliminating lower priority research will save \$2.7 million.

The research seeking short-term solutions is scattered over a number of problems and a multitude of small projects. We believe the research efforts would be more effective if they were concentrated on larger projects addressing major health and safety problems. By focusing the work on major projects with long-term objectives, savings of \$3.3 million can be achieved. Significant problems that existed 20 years ago have largely been solved, or at least mitigated. Many problems that remain are caused by human error and human behavior, and can best be addressed by better training, education, and enforcement, rather than new research. Other problems related to equipment and supplies should be resolved by equipment manufacturers and suppliers of such products as explosives through more thorough product testing. The USBM will continue to have a role working with regulatory agencies and industry in developing specialized equipment such as continuous dust monitors or systems for fire suppression.

The USBM will concentrate on being more responsive to its customers, such as the Mine Safety and Health Administration (MSHA). It will work with MSHA to develop an expanded accident prevention program and help ensure, through its research, that unsafe equipment and supplies are not introduced into mines and processing

facilities. The USBM will take the lead in forming partnerships with industry, labor, and MSHA to solve the remaining health and safety problems.

Minerals and Materials Science includes Minerals Research, which focuses on characterization and separation of the components of large, dilute systems such as ore bodies, waste sites, or scrap heaps; and Materials Research, which focuses on conservation of natural resources through increasing the service-life of materials or finding substitutes for materials that are hazardous to the environment. Much of the technological core of the current Environmental Technology program has been developed over the years under the Minerals Research program.

In the Minerals Research program, commodity-specific research will either be cost-shared with industry or redirected toward pollution prevention and control in the future. Materials Research which is not cost-shared with industry will also be redirected into pollution prevention and control. The remaining cost-shared research will be conducted at a single center, allowing the closure of several smaller research facilities thus increasing efficiency.

The Mineral Institutes program supports research grants at seven Generic Mineral Technology Centers. As recommended in the Government Reform and Savings Act, these grants will continue at a reduced level, but will be phased out by the end of FY 1998.

Uncontrollable Costs

Within the amounts discussed above, the Bureau will fund fixed cost increases totaling about \$0.7 million. These costs include a minimum 1.6 percent government-wide pay raise expected in January 1995, additional CSRS/FERS retirement and health insurance costs, an increase in GSA rent, and various other costs. These increases will be offset by the savings achieved by administrative streamlining and staffing efficiencies as required by Executive Orders 12837 and 12839, and due to there being one less workday in 1995 than in 1994. An additional offset is the \$686,000 budgeted in 1994 to fund SES retirement costs. If the retirements occur in 1994 as expected, these funds will not be needed in 1995. Considering all of these increases and decreases, the Bureau's net fixed cost requirement will decrease by \$2,458,000, excluding the cost of annualizing the locality pay implemented in January 1994, which will be absorbed.

U.S. Geological Survey FY 1995 Budget
Statement for the Record
Before the House Natural Resources Subcommittee
on Energy and Mineral Resources

February 23, 1994

FY 1993 was an exciting and productive year for USGS, and FY 1994 has started out to be equally challenging. We are continuing the work that we started in FY 1993 documenting the hydrological aspects of the Mississippi River floods. We have already documented that new all time high streamflows were recorded at 42 USGS stream gaging stations on 33 streams in 7 States, and surprisingly high concentrations of the herbicide "atrazine" were found at peak flood stages in numerous locations along the river. Also in FY 1994, we have designated and begun work in 20 new study areas in 36 States for the second phase of the National Water Quality Assessment, (NAWQA). When fully implemented, NAWQA will provide the first national, indepth water resource and environmental management information needed to better manage and protect our water resources.

Just a few weeks ago, we responded to information needs related to the magnitude 6.8 Northridge Earthquake near Los Angeles. We are continuing post-earthquake investigations of the failure of the area's energy and communication infrastructure. We are also working to identify the faults responsible for the main shock and aftershocks. Close communication with FEMA, NIST, NSF, the State of California, the Southern California Earthquake Center, and the Earthquake Engineering Research Institute is occurring to coordinate mitigation and monitoring activities.

In FY 1994, we are developing the framework for the National Spatial Data Infrastructure (NSDI), under the aegis of the Federal Geographic Data Committee. The NSDI is an umbrella of policies, standards, procedures, and partnerships intended to facilitate better use of high quality digital spatial data for making maps, improving public access to data through creation of a clearinghouse, and creating thematic data sets of national importance.

USGS has been designated as a world data center for land remotely sensed data by the International Council of Scientific Unions, and EPA recognized the USGS Coal Data Base as the basis for setting standards related to emissions of toxins from coal combustion facilities (the source for primary trace metals information to be used in Clean Air Act policy determinations). We completed a wide variety of scientific reports for use by land and water managers ranging from indoor radon potential to water contaminants in the Potomac River Basin.

In an interagency cooperative effort with the National Science Foundation and the University of Colorado, we dedicated a new National ice core repository at our regional center near Denver, Colorado, the second largest such facility in the world. We began construction on a major addition to the Eros Data Center (EDC) in Sioux Falls, South Dakota to expand the archive capability for satellite data in support of NASA's Earth Observing System (EOS) and for data that will be produced by future Landsat satellites.

In FY 1995, a new assessment of our Nation's undiscovered oil and gas resources will be completed. Plans are being made to expand our coal environmental activities to improve our understanding of the regional geologic factors that affect acid drainage due to coal mining. In FY 1994, we will complete national plans for the Energy Resource Surveys and Marine and Coastal Geologic programs as requested by Congress.

The FY 1995 budget request for USGS totals \$583.7 million, a \$1 million decrease from the enacted FY 1994 level. Within the total, however, we have significantly redirected resources in a number of program areas to provide the necessary funding for the Survey's scientists to address projects that are most critical in importance to the Department and to the Nation. Over the past several years, USGS has redirected significant amounts in budget resources from a variety of areas to enable the Survey to provide funding that supports new programs to better meet the Nation's current earth science needs.

To this end, we have redirected budgetary resources in FY 1995 to establish a new budget activity entitled Critical Ecosystems Research and Assessments. This program includes a budget request level of \$11.8 million for FY 1995 and is intended to support a multidisciplinary, scientific response to emerging Department of the Interior land management problems. In FY 1995, USGS proposes to increase research in South Florida, the San Francisco Bay and Delta areas, and the Columbia and Klamath/Trinity River basins in the Pacific northwest. Projects will build on expertise already available within the organization in hydrology, geology, geography, and cartography and will permit the Survey to focus much needed expertise toward a timely response to these areas of concern to the Department of the Interior and the Nation.

Continuing the Survey's focus on the highest priority issues of national concern, the FY 1995 budget redirects \$6 million to continue the implementation of the National Water Quality Assessment. This program represents the Nation's first comprehensive analysis of the quality of water in a variety of different environments. When fully implemented, NAWQA will include 60 study areas that will cover approximately 60-70 percent of the Nation's water use, include parts of all 50 States, and address a broad spectrum of land use, climatic, and hydrologic settings. To ensure communication among all levels of involvement, liaison committees are established for each study unit. Currently, there are 1500 members of liaison committees providing other Federal agencies and State and local interests an opportunity to have input to the USGS. To keep funding and staff requirements at the lowest possible levels, NAWQA studies are phased so that only 20 study

units are collecting data intensively during each fiscal year. When fully implemented, we believe NAWQA will provide most of the information needed to conserve and maintain the quality of one of our Nation's most valuable resources, its water.

Environmental mineral assessments is a newly added component to the Mineral Resource Surveys program. These assessments will focus on predicting the potential environmental hazards of undiscovered deposits and will be a part of the routine mineral assessment studies. An increased focus will be placed on studies of abandoned mine lands that will benefit from the application of data from our existing data based on mineral deposits and geochemistry. Pilot environmental mineral assessments and abandoned mine land studies have been made, in cooperation with land management bureaus, in areas of Colorado, such as the Summittville mine. These pilot studies will serve to guide the further development of these capabilities to assure they meet the needs of these bureaus.

The FY 1995 budget also redirects \$12 million to support the growing need for computer produced data and information to support the spatial data needs of Federal, State, and local resource and land planning and management agencies for use in map revision. In FY 1995, a total of \$12 million has been redirected to support these high priority information and data programs. One initiative is the investment of \$6 million to begin work on the *National Spatial Data Infrastructure (NSDI)*. USGS has moved funds into this high priority Department of the Interior initiative to support the Vice President's National Performance Review recommendation to expand beyond the Federal sector and to foster nationwide involvement in this information infrastructure initiative.

The \$6 million increase in the USGS budget will: (1) help establish a national geospatial data clearinghouse; (2) develop data standards; (3) support regional coordination; and (4) develop a framework data set for the Nation. The NSDI initiative will provide for expanded use of Geographic Information Systems (GIS) technology to assist land planners and managers at all levels of government and in the private sector, and will enable increased use of digital data in the preparation and revision of base maps. USGS believes this to be an exceedingly valuable cooperative effort that will provide long term benefits to the nation and ultimately make data available to a much broader community of users at a significantly reduced unit cost.

The National Geologic Mapping program is expanding its effort to develop procedures and standards for digital geologic maps and the national geologic mapping data base. The availability of digital geologic information is critical for the National Spatial Data Infrastructure.

Related to the NSDI initiative is the increase of \$6 million for intensified efforts in the production of digital cartographic data. The foundation for any information sharing and use system is always to develop first the data base needed by the user community. In this case we are talking not only about the Department of the Interior and other Federal agencies, but also the agencies involved in State and local land planning and management.

There is an enormous need for up-to-date base map data to which individual users can then apply their specific data sets such as transportation, sources of pollution, species diversity and count, habitat type, hazardous waste sites, and many others. This increase will enable USGS to add significantly to the available base of this digital map data and make it available to all users.

Also included in the budget is an increase of \$1 million for cooperative work with the Bureau of Reclamation on the development of computer based water management and use models. Management of our Nation's water resources is exceedingly complex and, in the western U.S. in particular, competition for water is intense. To deal successfully with these complexities, a new generation of highly flexible water models and support data is needed. This increase will support the development, testing and implementation of models and fully integrated data management systems that will help water managers, policy officials, and users to achieve improved management of water resources.

In addition to the increases in the USGS budget, several programs have been proposed for reduction, and in two cases, for elimination. Because of the need to reduce the Federal budget deficit and to remain within the funding targets of the Department, difficult decisions had to be made and funding for certain programs have had to be proposed for decrease. The budget proposes decreases totalling \$11 million in mapping related activities, \$9.7 million in water resource programs, and \$4.1 million in geological research. Also, \$6.6 million is absorbed in the budget related to administrative savings, staff reductions, and other adjustments associated with the increased cost of operations. Among the reductions proposed, we will mention only the programs that have the greatest impact. We are prepared, however, to address any of the proposed reductions about which you would like more detail.

USGS annually devotes considerable thought and analysis to the process of developing the budget proposal that ultimately results in the budget request to the Congress. In that process, we consider national priorities, the Department's most immediate needs, results from previous funding support to programs and projects, and a variety of related scientific and management issues. Our decisions and those of the Department reflect consideration of all these issues and include the following:

- (1) The decision to fund NAWQA, our highest priority water resources program, at \$58.2 million, a \$6 million increase, but \$6 million below the planned level of \$64 million. The funding level will permit us to continue work on 42 of the 47 studies that were intended to be in the appropriate cycle in FY 1995. However, limited budgetary resources and the need to redirect funds from within the USGS base to accommodate additional increases, led us to this decision.

(2) Elimination of the Water Resources Research Institutes (-\$5.8 million) is proposed by USGS solely on the basis of budget constraints. This program has supported both graduate student training and limited research at 54 land grant colleges and universities throughout the Nation. However, the need to continue support of other programs within limited funding resources resulted in the decision to terminate support for this program at the end of FY 1994.

(3) In National Mapping, \$8 million is proposed to be redirected from Advanced Cartographic Systems to support the data production and NSDI initiatives. This reduction will delay acquisition and implementation of map revision workstations and related high performance equipment. We will need to revise the timelines for implementation of full operating capacity for the system and delay development of computer models related to map production.

(4) In Geology, a reduction is proposed in Mineral Resource Assessments (-\$2 million) in Alaska. While there is considerable assessment work that could still be done in Alaska, the budget decrease is focused on Alaska work due to the lower priority currently placed on mineral assessment information in Alaska by land management agencies.

(5) Decreases of about \$1 million each are proposed for the National Geologic Mapping and the Global Change and Climate History programs.

Mr. LEHMAN. Well, thank you very much and thank each of you for cooperating with the committee today and for your testimony.

Let me just first ask a few questions of Mr. Armstrong.

The President's budget proposes no budget authority for the Rural Abandoned Mines program. That concerns, to use my word, several members of this subcommittee, including Mr. Rahall and Mr. Barlow.

Given the fact that at the end of 1995 there is going to be an unappropriated balance in there of about \$1 billion, how can you justify decreasing that program, especially when in addition to doing the work that needs to be done, those funds would create jobs?

Mr. ARMSTRONG. Well, basically that has been, as you know, a continuing tug every year. We, as I understand it historically, and I wasn't here, have not funded it. We have thought that perhaps it ought to be handled either at another agency, such as Agriculture, or separate and apart from OSM. I think each year you put it back in; am I correct about that?

And so we go ahead and put out that money. I am unfamiliar with the history of why this continues to be a problem. We just think that it is more appropriate for it not to be in our budget and be elsewhere, if that would be appropriate. It is true that we have the additional money and you could put it in the Agriculture budget.

Mr. LEHMAN. The money is paid in by the coal industry?

Mr. ARMSTRONG. That is correct.

Mr. LEHMAN. And so what you are proposing in the budget is we just pile it up there and not use it, I guess. But what I kind of hear you saying is that you don't expect that would be what we do anyway.

Mr. ARMSTRONG. That is kind of what you might hear me say, yes.

Mr. LEHMAN. Okay. In a recent article in *Oil Daily*, Tom Fry, the Director of MMS, is quoted as saying that he is in absolute agreement of the principle of providing royalty reductions for offshore oil and gas leasing in the Gulf of Mexico to encourage deep water exploration. Do you agree with that position? And if so, why?

Mr. ARMSTRONG. I would qualify that answer by saying that if our studies show that by using this method we would get the production in deep water of more of the resource and that that was not creating a windfall for the people who were looking for that resource, then we would give that our consideration in a lease-sale at some future date.

Mr. LEHMAN. So if it is a good idea, you are for it; but is it a good idea?

Mr. ARMSTRONG. But it depends on whether or not it creates a windfall. But I think—carefully—I would say, yes, it is a good idea. But only with the restraint or rather constraint that it produces more hydrocarbons and if they would not be otherwise produced without that “royalty holiday,” as that term is used, until you get your costs back.

And I think it is very important that we clearly understand what those costs are going to be, and it will only be in certain fields, as far as we can tell from our analyses. There are going to be some

fields where they would prefer to have that, but it could be economically feasible without that benefit being conferred upon them.

Mr. LEHMAN. Do you have any data to support a position?

Mr. ARMSTRONG. Yes, we do.

Mr. LEHMAN. And that is?

Mr. ARMSTRONG. That data has come from MMS. We can show you the areas where we think it is economically feasible to drill without the royalty holiday, but in those where it might not be economical without it, then we would be willing to look at it. It will be very limited.

Mr. LEHMAN. Is MMS considering using its own authority to reduce the royalties or the—

Mr. ARMSTRONG. I believe that Senator Johnston has a bill that would do that. And I have always considered that what we were saying was testimony in favor of his bill as opposed to us just doing it unilaterally or just on our authority.

Mr. LEHMAN. Without any fear of stealing Mr. Young's thunder, let me ask a couple questions about Alaska then, since he is getting itchy over here. The five-year OCS plan that DOI inherited from the Bush administration, included six OCS sales in Alaska coastal waters, about 82 million acres. After review of those sales, has the Department made any changes in schedule or specific areas included in the proposed sales?

Mr. ARMSTRONG. We have an ongoing review of that five-year program, and it has resulted in some changes. We consider, when we review, some of the areas that the people who are likely to drill consider to be productive or consider to be something they want. And in some instances, we have found, for example, in the Shelikof Strait area, that they have pulled back their request or they are not as interested in it as they might have been at another time. So what we have before us right now is a cautious, ongoing development of offshore Alaska, particularly in the Cook Inlet area and particularly on the North Slope.

The plan is still in effect, but basically we are making decisions on a case-by-case basis. We will have a sale. We have slipped them occasionally for a year or two, but that seems to be the prudent thing to do and it seems to be something that industry has accepted.

Mr. LEHMAN. Okay. You are also making cutbacks in the Anchorage office. Given the fact that is one of the few offices that is actually engaged in supervising active leasing, how do you justify that?

Mr. ARMSTRONG. Well, we think that there is still work to do, but that most of the work that office has done in the past is very helpful to us. It is in the bag, so to speak, and we don't have to add to it. We think we can be efficient and do the job that we need to do given the interest in that area with a reduced work force.

Mr. LEHMAN. Mr. Young. We will let the gentelady from Nevada go, if he would like to yield to you.

Mr. YOUNG. You know, I am not going to get excited, Mr. Chairman, we have got two people who have been employed by this Administration, your Administration, and I understand what they are doing. They will be there for three years more and then you will be gone. But, you know, I would like to mention Alaska. And by

the way, you have the charge of this Congress to review and catalog all mineral potential on lands under ANLCA.

Now, how are you going to do that if you move the Bureau of Mines office? Who is going to do that work for us? I mean, who—anybody?

Ms. KNOPMAN. I will handle the question. And I will ask the Acting Director of the Bureau of Mines to fill in for me.

A good bit of that work has proceeded. As I am sure you know, the Geological Survey has a role to play as well in mineral assessment in the State, and their presence will continue in Alaska.

Mr. YOUNG. How?

Ms. KNOPMAN. We are proposing a \$2 million decrease in the Geological Survey budget in Alaska in mineral assessment work specifically. In the Bureau of Mines, we are proposing the closure of Juneau and Anchorage field offices. We believe the work that needs to continue to go on there can be carried out from Spokane and other offices.

Mr. YOUNG. But what is in Spokane and Washington? They have nothing of any value there. Why are you moving to Spokane, Washington?

We have got the minerals; we have got the land; we have got more land mass than all the rest of your agencies have in the United States that haven't been catalogued. I mean, what drove this decision? That is really what I am looking for.

What little minion down there said we will get rid of Alaska's offices?

Ms. KNOPMAN. Well, it doesn't work that way at all, sir. What drove this was a step back to look at what the Bureau of Mines is doing with the resources that Congress has given it over the years. This is a Bureau that has been spread rather thinly over a number of years—it has 14 facilities right now, on a \$170 million budget.

It is in the current situation of not doing anything all that well. There are enormously talented people in the Bureau of Mines.

Mr. YOUNG. Okay. Let me leave that.

Why didn't you shut down the Spokane office and move it to Alaska where it actually is and where you have a charged responsibility by this Congress? I mean, what made that decision?

Ms. KNOPMAN. Well, as you know, we have proposed several closures in the 1995 budget, and we anticipate a several-year transition for Mines to bring it down in the overall number of facilities.

Mr. YOUNG. It couldn't be that wasn't Tom Foley's district; was it? It couldn't be that was the reason? Please say no.

All right. I have people, of course—you are closing down the Anchorage office; you are closing down the Juneau office—people that are Federal employees. Now what are you going to do with my Federal employees?

Ms. KNOPMAN. Excuse me, what are we going—

Mr. YOUNG. What are you going to do with those Federal employees?

Ms. KNOPMAN. Well, we will try to relocate as many as we can, given the resources that we have, but we won't be able to do that for everybody. This is a situation—

Mr. YOUNG. I am not happy with your decision. I think it is a terrible decision. It doesn't surprise me at all as far as the Administration goes. But, you know, this is where the action is. This is the State that has the minerals and has the land mass, federally controlled, by the way. And, you know, you are proposing to shut these offices down to go to Spokane, which has nothing, absolutely—tell me what minerals they have in Washington available on Federal lands.

Ms. KNOPMAN. The location of the facilities of the Bureau of Mines in the past has been driven by regional interests. We are trying to move away from that. There happens to be two facilities in Spokane, a research center as well as a field office. And out of that office, staff serve a large part of the Pacific Northwest, including Alaska.

Just as an example, I had some folks in yesterday who spoke about the work going on by the Arctic Slope Regional Corporation. They came to talk to me because they wanted me to know about the fine work being done by the Bureau of Mines in their area. And I asked them where these Bureau of Mines employees were based.

And they said the Twin Cities Research Center in Minnesota. They are not working with the folks in Alaska who actually are located there.

Mr. YOUNG. Well, then, again, I am going to ask you this now. Did you ask them why they weren't working with the people in Alaska? It is the same agency.

Ms. KNOPMAN. I did ask.

Mr. YOUNG. What did they say?

Ms. KNOPMAN. The technical expertise in the Bureau of Mines that they were looking for in advanced technology for coal-mining in permafrost zones, resided in the Twin Cities facility.

Mr. YOUNG. I understand that, but Minnesota is a coal-mining State. I agree with that.

But what is in Spokane? I mean, I am beating this to death, Mr. Chairman. I am just going to suggest, why? That is sort of like my brother used to work for Richard Nixon, and they had the Farmers Home Administration in Berkeley, California.

Now you show me a farmer in Berkeley that is not growing that little weed. I will show you what is going on. I mean, it just doesn't make sense to me. If you are looking at the economics of it, you know, why didn't you take the Spokane office and move it to Alaska where the action—there is no action in Washington State.

Ms. KNOPMAN. I take your point. We are proposing consolidation of the two facilities in Spokane. We are trying to move the Bureau of Mines away from the regional focus. And the point that we are trying to make is that the Bureau of Mines should be focused on research of national interest, which can be transferred and utilized anywhere in the country.

The Geological Survey does the mineral assessment work that we believe needs to continue. The kind of mineral assessment work that the Bureau of Mines is doing in Alaska is of a much more detailed nature and is the kind of work that routinely is done by the private sector. And we have asked ourselves the question: Why is the Bureau of Mines carrying out that work?

Mr. YOUNG. Okay. The other thing, though, one of the reasons it has to be carried out is, if I am not mistaken, the private sector, after they do their work, has to go through the Bureau of Mines if it is on Federal lands, for permits, the EPA, Corps of Engineers, et cetera, et cetera. And my biggest argument has been all along, every time we have somebody who wants to do something in the private sector, after they do it, they have to go through the hoops of the Federal Government.

And if that person isn't on site, we live through this. Oh, they are in Seattle, Region 10, you know, and it is very cumbersome-type operation. Now, if I can have the assurance from you that if I have activity, that I get immediate response from Spokane, I would be probably less concerned, other than for the workers of Alaska. That bothered me.

Ms. KNOPMAN. You have my assurance, you have our assurance on that.

Mr. YOUNG. Again, I think you made the wrong decision. I don't think you made it; that is one reason I am not terribly upset with you. I think someone else made that decision, and we will live by it for a period of time, until we get to the appropriation process, and we might change that a little bit.

Ms. KNOPMAN. Let me just mention, the Bureau of Mines has no regulatory responsibilities.

Mr. YOUNG. Oh, I understand that. But they also have to have a clearance. If I am not mistaken, from the private sector, when they go and apply for permits, it does go through the Bureau of Mines. Now, they may not have to stop or go, but it has to be cleared. Now if that is mistaken, someone has been misusing the representation.

Ms. KNOPMAN. I am unfamiliar with that activity of the Bureau of Mines.

Mr. YOUNG. Okay.

Thank you, Mr. Chairman.

And I was nice today, I wasn't real mean.

Mr. LEHMAN. Thank you. You were on good behavior.

Mr. RAHALL.

Mr. RAHALL. Thank you, Mr. Chairman.

Mr. Armstrong, I want to commend you for discussing the Office of Surface Mining as you have, and you spoke of a seamless transition. I only want to say to you, I hope that it is not a seamless continuity of what has been occurring at OSM.

I hope that you will make decisions, that you will implement rulemakings, and I hope that the work of the team of specialists will lead OSM in that direction rather than just a seamless continuity of what has been occurring.

Mr. ARMSTRONG. I recognize the difference.

Mr. RAHALL. Let me continue, if I might, on the question started by our chairman when he asked you about the Abandoned Mine Reclamation program. If we enact the Department's proposed fiscal year 1995 budget, at the end of that fiscal year the unappropriated balance in the AML Fund is estimated at being over \$1 billion.

Now, this is \$1 billion worth of construction jobs; it is \$1 billion worth of badly needed environmental restoration work; and it means that further threats to the health and safety of coalfield citi-

zens will go unabated. So I must advise you as the chairman has, that the Congress did not impose this fee on the coal industry for the money just to sit idle in some government trust fund.

My question is, how can you possibly justify allowing this unappropriated balance in the AML fund to skyrocket to the levels that it would if this budget were enacted?

Mr. ARMSTRONG. Well, I think the answer—and I wondered about this the first time I looked at that balance—is that we have had some difficulty in getting the money out rapidly. We give that money to the States, and at the present time we have the following dollars out:

The States have unliquidated obligations for reclamation work of \$259 million at the end of fiscal year 1993. In addition, \$138 million in grants have been awarded, but not obligated at the end of fiscal year 1993.

The States have also carried over \$65 million at the end of 1993, and have recovered funds totaling \$34 million. In addition, there is \$135 million in new budget authority for the State Reclamation Grants, which was made available at the beginning of this year, fiscal 1994. And so the problem is that we could appropriate more money, but they can't get it out fast enough. And, therefore, that causes the backlog.

I think that if we got more capability into their hands or if the States were willing to get that money out, then this number that we request would be a higher figure. But I share your enthusiasm for using the money that we get from the coal companies to do reclamation, which you intend it to do. It is just that so far we haven't been able to figure out a way to get that money out as fast as it has been coming in.

Mr. RAHALL. Those figures you were just quoting, where do they come from?

Mr. ARMSTRONG. They came from the OSM office in answer to my request. Those are unobligated balances.

Mr. RAHALL. I am looking at figures that don't completely jive with yours that come from the Office of the Secretary of Interior, written in December, to Chairman Byrd on the Senate Interior Appropriations Subcommittee, that show close to a 90 percent obligation rate. Total grant amount of \$185 million; obligations to date, \$161 million, an 86.9 percent obligation rate, and showing an unobligated balance of under \$25 million.

Mr. ARMSTRONG. I think we are both right. The money I am talking about is obligated, but not outlaid. It hasn't been spent. It has been obligated, but it hasn't been spent and won't be spent quickly. And therefore, we could appropriate more and it would be obligated but un-outlaid.

Mr. RAHALL. Well, you know, we are in a situation I think here that is very similar to the Highway Trust Fund. The AML Fund is the Department of Interior's version of that Highway Trust Fund. The money is obligated and the dirt flies except, in this instance, a project involves stabilizing a landslide or refuse pile rather than constructing a road or a bridge.

So it is partially within this context that the need for job creation in the coalfields is most imminent. I can find no justification for

your proposed reduction in the State grants, the zeroing out of the RAMP program, to which the chairman referred as well.

In this regard, your budget states that the proposed reduction in AML State grants is not a problem. The carryover funds will maintain the program. But this is what is in the budget. In reality, at the end of fiscal year 1993, just last September, over 90 percent of these AML construction grants had been obligated by the States. I would like to ask where you believe there is a sufficient amount of carryover funds that exist in order to maintain the program.

Mr. ARMSTRONG. Well, I would like the ability to check this, if I could, and come back to you. Certainly if they are capable of getting the money out faster and we didn't have these backlogs, so to speak, of this money that has not been outlaid, then we would consider the appropriateness of asking for either more or trying to get that balance down.

Mr. RAHALL. All right. Let me ask you with respect to RAMP. SMCRA provides for a statutory earmark, as you are aware, of the AML fee collection for the program to the tune of 10 percent that comes out of that Abandoned Mine Reclamation Fund. That 10 percent is of the Secretary's 50 percent share of the total fund. RAMP also receives 20 percent of all interest that accrues to the Fund, unless beginning in fiscal year 1996, some of the interest is needed for the UMWA Combined Benefit Fund.

Not seeking an appropriation for RAMP does not change the situation. Its share of fee collections will continue to accrue. Is it then the Department's intention to simply allow this earmarked RAMP money to continue to accrue and never be spent?

Mr. ARMSTRONG. I have to ask about that. I am advised that part of the NPR proposals has been to eliminate the RAMP money.

Mr. RAHALL. Well, I hope those within the Department will understand that there are certainly distinct differences between the AML State Grant Program and the RAMP program. They are not one and the same. I hope there is that understanding.

Mr. ARMSTRONG. I realize that.

Mr. RAHALL. Thank you, Mr. Chairman.

Mr. LEHMAN. Thank you.

Mrs. Vucanovich.

Mrs. VUCANOVICH. Thank you, Mr. Chairman.

Mr. Secretary, I have been concerned about the apparent mineral patent moratorium that has occurred since Secretary Babbitt's order of March 2, 1993. And he has assured me right here in this room that this order would not be an illegal moratorium. And as you know, a mining company operating in my district has had to sue the Secretary to get any subsequent action on their applications. And now the BLM's budget justification states that BLM received 130 new patent applications in 1993, and I have all this backup on that, and then issued 28 patents for 362 claims.

Can you tell me if any of these patents were issued during the Clinton administration portion of fiscal year 1993? I can't recall Secretary Babbitt doing so, but I am just checking to see if you know of any.

Mr. ARMSTRONG. I signed 3 yesterday.

Mrs. VUCANOVICH. Oh, tell us about those. Tell us about them.

Mr. ARMSTRONG. And they were at the first stage. They were still having to be checked on.

Mrs. VUCANOVICH. What does that mean?

Mr. ARMSTRONG. Well, it goes in two stages.

Mrs. VUCANOVICH. Well, let's have a description of that.

Mr. ARMSTRONG. After we find it is there, then our on-the-ground people go out and check and make a final recommendation and the patent is issued. The numbers are that in the prior Administrations, the average, from 1980 through 1993, run from a low of 26 to a high of 94, although the 94 was in 1987, and it was a pretty high, unusual number. For example, in 1991, we issued 26 patents. In 1992, we issued 28 patents. In 1993, there were 9 issued.

Mrs. VUCANOVICH. Any under the Clinton administration?

Mr. ARMSTRONG. And I understand that 7 of those 9, I believe, were—and I am not sure—I think before the Secretary took them under his control the 9 were issued.

Mrs. VUCANOVICH. Would you like to give me that backup, particularly on 1993? But I am very interested in these 3, that even though they got to the first stage, would you tell me what those are or where they are, these patents that you said you signed yesterday?

Mr. ARMSTRONG. I would like to get that exact information, but it is the first 3 that came across the desk. Most of the applications that we have take anywhere from 2–3 years, from beginning to end. That is why you have a fairly large backlog. But I think that you also had a considerable number of people who applied for patents, I think, in anticipation of the fact that the law might change. So we had a pretty good flood of applications as it began to be apparent that there might be a change in the Mining Law.

Mrs. VUCANOVICH. Well, I would be very interested in having that information. One other question for you, Mr. Secretary.

Since Congress imposed the maintenance fee provisions on mining claimants in the fiscal year 1993 spending bill, how much money has BLM collected from miners and how much has been spent on the administration of the 1872 Mining Law?

Mr. ARMSTRONG. I am going to have to look, but if my memory serves me, we have gotten in \$53 million as a result of that change. They tell me my memory is correct.

Mrs. VUCANOVICH. Well, if those numbers are correct, it just seems to me that mining claimants subsidize other Interior Department programs, not the other way around, as so many people have us believe, if those numbers are accurate.

Mr. ARMSTRONG. What happened as a result of the change in that fee is that our number of claims reduced from some 900,000 to about 750,000. Then that in turn with the October collection reduced down into the 300,000 area. This indicates to us that there were people who were speculating and betting and holding claims just because it was cheap to do so. And that after the fee was raised, they stopped speculation and really picked the ones they thought might have some potential and held them.

Mrs. VUCANOVICH. Well, that may be accurate. I am not sure that that is. It doesn't make a lot of sense to me, but that is a very possible thing that could have happened.

I would like to ask Ms. Knopman a question about the Bureau of Mines. The Bureau of Mines seems to be taking a particularly deep cut compared to other Interior bureaus, and I suspect that many of the past programs are out of favor now. But I know that the Reno facility, for example, has scientists doing research on mineral waste stream processing, and those are certainly skills that we think would be good for the future.

Can you tell me more about the Centers of Excellence proposal for the outyears? In other words, will you be planning to close other research and field offices in fiscal year 1996? And if you know, which ones they would be.

Ms. KNOPMAN. I can't say what we would be proposing to close in 1996 or the outyears. We do, in the long run, want to move to a smaller number of facilities. The Bureau of Mines will be submitting recommendations to the Department on where these Centers of Excellence would be located.

They have sent out notices to employees to at least give them a heads up that the ones that are under consideration for centers would be in Twin Cities, Minnesota; Albany, Oregon, (there is a Materials Research Center there); Pittsburgh Research Center; and Salt Lake City Center, which is the Bureau of Mines newest facility, built in 1980. Each would be designated as a Center of Excellence, with Reno proposed as a satellite.

The Department has not made any final judgments on these. We need to do so soon so that we can proceed with the plans for the 1995 budget and give employees the best chance of making plans for their future.

We recognize the work and the talent residing in Reno. There are similar kinds of work going on in several other bureaus, which is one of our reasons for wanting to move toward a consolidation so that we get to a more critical mass of research capability and facilities. But at this time we have no proposal in the outyears for when those closures would be occurring in these satellites.

I should say also that in the 1995 budget where we are proposing the closure of Tuscaloosa and Rolla, Missouri Research Centers, we are working closely with the universities. Both of those centers are located on university campuses.

Mrs. VUCANOVICH. They work together, they certainly do in my State, and it works well, I think, if that can be pursued.

Well, along the same lines, talking about the USGS, my understanding is the Geological Division is staffed with many scientists currently able to retire, with or without the buyout incentive; but working for the Survey, a lot of people don't want to leave. So what is likely to happen personnel-wise in the Survey if this budget is adopted and retirements don't occur?

I hope we are not going to be looking at these people doing National Biological Survey functions. But do you have any plans about what you would do if these people stay?

Ms. KNOPMAN. I will just say you are looking at someone who left the Geological Survey after nine years. I am a hydrologist by training, and I know it is a wonderful place to work.

Mrs. VUCANOVICH. Apparently it is.

Ms. KNOPMAN. I don't have a good answer for you at this point because I am not sure what we will do. We have a new director

coming on board, we hope, in a week or so, Dr. Gordon Eaton. He is formerly from the Geologic Division. He has been in other places since leaving the Geological Survey a number of years ago. And he will need to be making some very tough decisions about how to restructure the Survey where appropriate.

He is very interested, I know, and the Secretary is as well, in making sure that the Survey is a place where young researchers can come into and have productive careers. We are quite cognizant of the demographics, particularly in the Geologic Division, and know we have to deal with it. We don't have specific plans at this time for these individuals to work for the National Biological Survey.

Mrs. VUCANOVICH. Thank you.

I would like to ask the chairman to hold the record open for submission of written questions because there may be more that will come as a result of this hearing.

Mr. LEHMAN. Without objection, we will keep the record open for all Members to submit questions.

Mrs. VUCANOVICH. Thank you, both.

Mr. LEHMAN. I have just a couple more questions. I want to address one to Ms. Knopman here.

In reading the budget, it says an increase of \$1 million is proposed for the Watershed Modeling program, designed to bring together USGS capabilities and the capabilities of the Bureau of Reclamation. Can you be more specific about how that is going to be spent?

Ms. KNOPMAN. I would actually like, if I could, to refer to the Acting Director, Bob Hirsch, who has been personally involved in that program.

Mr. HIRSCH. Thank you, Mr. Chairman, for asking about that program.

We are very excited about it. We have been engaging, on a pilot basis, in a partnership with the Bureau of Reclamation under our Global Change Research program, to look at some new approaches to watershed modeling to allow decision-makers—in this case, those in the Bureau of Reclamation—to look at alternative ways of managing a river system to deal with change, be that climate change, land-use change, water-rights changes, regulations for endangered species, et cetera.

The Geological Survey's part in this is dealing with the precipitation, the accumulation of snow, the melting of snow and some of those processes that occur on the landscape. And the Bureau of Reclamation's part deals more with the canals, reservoirs, et cetera, and operations. And we have developed a partnership.

We would like to pursue this more to develop both the science and the computer software to enable them to do that.

Mr. LEHMAN. So that money is going to be spent—it says modeling. Are you trying to more accurately determine how a watershed is going to act?

Mr. HIRSCH. Exactly: really to enable managers to do the "what if" analyses of changes in policies, changes in land use, changes in climate, et cetera, and to look at the consequences that might come about by any number of changes in the environment or in their management practices.

Mr. LEHMAN. How much does the Bureau have in their budget for that? Do you know? I can find out.

Ms. KNOPMAN. They have \$1 million in 1995 for this activity, and the appropriation in 1994 was \$1 million. But the Assistant Secretary for Water and Science, Betsy Rieke, has taken a particular interest in this, and Dan Beard, the Commissioner, wants to support this activity.

Mr. LEHMAN. Okay. There again, what you are trying to do is to learn more about the behavior of the watershed so that the Bureau can act on better information—

Mr. HIRSCH. Yes.

Mr. LEHMAN. —in implementing whatever it is they are implementing? Okay, thank you.

I think on that, Ms. Knopman, the Administration is proposing eliminating the Water Resources Research Institutes program. Can you just tell me why?

Ms. KNOPMAN. It is with great reluctance, sir. It is a good program. The budget constraint was severe enough this year that we simply could not find the money out of existing Survey programs. Any new initiatives that we wanted to fund, such as watershed modeling, the ecosystem restoration, the National Spatial Data Infrastructure, all of that had to come out of the Geological Survey's base, and something had to give. As you—

Mr. LEHMAN. How much money was this? This was just \$5 million or \$6 million; right?

Ms. KNOPMAN. The level of expenditure has been \$5.8 million when that program has been funded. What that means is you get about \$100,000 per Institute per year. You may recall, in 1983, Congress reauthorized the Water Resources Research Act, and at that time the intent was to move the Research Institutes off of the Federal dollar as much as possible. There was a ramping down of Federal support. To a great extent that has been very successful.

In fact, the overall institute program produces \$10.00 of non-Federal support for \$1.00, Federal dollar. So it is our view that they have been very successful in supporting themselves. Not all Institutes have been. And it is possible that one-third of them may not survive if this budget cut were to hold.

Mr. LEHMAN. Okay. Well, I am sure we will be reviewing that.

Mr. Armstrong, you have the DOI budget includes \$6.5 million increase for oil spill research. This increase is certainly good, although that is probably, in my view, not enough. One of the more controversial items related to OPA-90 involves the regulations for financial responsibility of offshore permit operators. They are upset that the law requires them to have \$150 million bond or financial backing. Is it true then that you don't have the discretion to lower that limit?

Mr. ARMSTRONG. We have held hearings throughout the United States about OPA-90, and this is the lead question that we are asked at each of those hearings. Because there is a general feeling that there is not enough insurance in the world for all of the operators everywhere that are covered by the Act to have \$150 million worth of coverage.

Now, we have our solicitor looking at this. We have been urged by some of the attorneys for the oil companies and attorneys for

people who are just in the petroleum business generally, not necessarily oil field drillers, to see if there is some way that the regs can recognize that this fact exists. Someone has suggested all the way to a person who sells motorboat oil on a marina in a lake. Does that qualify as transporting oil across water within the contemplation of the Act, and then do they need \$150 million worth of insurance?

Mr. LEHMAN. That is the question.

Mr. ARMSTRONG. Obviously, that wasn't the intent. So the comment period is open the remaining days of this month to see if anyone could come up with a good idea, to be innovative, short of having to go back and ask for a change in the legislation, which no one seems to want to do. So we are trying to eliminate the onerous parts of the regulations, which would require something that perhaps the Congress didn't intend, and we have our people working on that full-time.

Mr. LEHMAN. So where it has been extended to navigable waters, I guess, is the issue?

Mr. ARMSTRONG. That is correct. And if you use the old navigable waters from section 404 permits, which apparently was borrowed, you might get into an area that you didn't intend to. It was obvious that the legislation was passed in some part because of what had happened with *Exxon Valdez* and with a recognition that we wanted to do something about that. But it was, I think, broader than perhaps the intention. And we are trying to figure out how to do the regs so that they make some sense, if that is possible.

Mr. LEHMAN. Okay. So you are trying to work through it without asking us to fix something?

Mr. ARMSTRONG. That is correct.

Mr. LEHMAN. Appreciate that. Keep us informed.

Mr. ARMSTRONG. We certainly will.

Mr. LEHMAN. Okay. Well, that ends my questions.

Thank you both very much. I appreciate your testimony today and look forward to working with you closely in the future.

Thank you.

The hearing is adjourned.

[Whereupon, at 3:19 p.m., the subcommittee was adjourned.]

APPENDIX

FEBRUARY 23, 1994

U.S. House of Representatives
Committee on
Natural Resources
Washington, DC 20515-6201

GEORGE MILLER, CALIFORNIA, CHAIRMAN
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DANIEL VAL KISH
REPUBLICAN STAFF DIRECTOR

February 28, 1995

Honorable Bob Armstrong, Assistant Secretary
Land and Mineral Resources
U.S. Department of the Interior
Washington, D.C. 20240

Dear Mr. Armstrong:

Enclosed please find additional questions from last week's hearing relating to the President's Fiscal Year 1995 budget request for the energy and mineral resource programs under your jurisdiction.

Your prompt attention to these inquiries will be most appreciated.

Sincerely,



RICHARD H. LEHMAN
Chairman, Subcommittee on
Energy and Mineral Resources

Enclosure

- According to a 1993 House Appropriations Committee report, only 9% of the OSM workforce are inspectors and they receive only 6% of OSM's Budget.

How does the OSM's FY95 budget request address this imbalance in the use of resources?

- Recently States have raised the issue of "unfunded mandates" in other matters. However, when it comes to mine regulation, states actively volunteer to run programs. Further, if their recent rule-making efforts are any indication, they want a larger share of total mine regulation responsibility. Most of OSM's budget goes to funding state programs. Some state programs receive more than 75% federal funding.

When do you think the states will take on a greater and fairer share for the funding of their own state programs, and what steps are you taking to encourage them to do so?

- Some states have state programs even though they don't have any mining, for example Mississippi is scheduled to receive \$68,930 for FY95. Eleven states produced less than 10 million tons of coal per year. Of these, eight have primacy (Arkansas, Iowa, Kansas, Oklahoma, Alaska, Missouri, Louisiana, Maryland) at a proposed cost of \$2,950, 040. Add in Mississippi, and that's over \$3,000,000. That could fund a lot of inspectors. In Oklahoma, OSM is planning to take over the state program under Section 733 of the Act because of citizen's complaints and defects in the program.

What other steps are you taking to encourage small producing states to give up their primacy?

- Congress established a spending cap on state-by-state basis on the emergency AML reclamation program.

What effect has that cap had on OSM's ability to react to and adequately abate emergency situations in each state?

- If Congress lifts the cap on funding for the emergency AML program, what assurances can you give us that the program will continue to be effectively managed?

- Do you feel the emergency AML spending cap has been a benefit or a problem with the respect to the state grant programs?

- Congress appropriated \$15 million for emergency AML in the last fiscal year.

Was that amount spent on reclamation projects and, if not, what was the unspent portion used for?

- Navajo citizens requested at a meeting last March with OSM that staffing on the reservation be increased. Former acting director, Hord Tipton, acknowledged that OSM's funding was inadequate for Navajo Nation staff to oversee the large mining operations. Tipton promised increased funding would be provided in this budget cycle. Over the past couple of months, numerous problems have arisen with mine sites on Navajo lands.

Has this promise been kept in the FY 95 budget?

- The OSM budget indicates a \$100,000 decrease in spending for applied research. Citizens have requested and OSM has agreed to (and in some cases, undertaken) research on problems such as "cast-blasting" (where huge explosive charges are used to excavate strip mine pits), acid mine drainage prevention, and preservation of prime farm lands.

Does this decline in applied research funding mean that OSM has completed its studies of these problems and is ready to take action?



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAR 22 1994

Honorable Richard H. Lehman
Chairman, Subcommittee on Energy and
Mineral Resources
Committee on Natural Resources
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed please find responses to the questions you submitted following the oversight hearing before the House Natural Resources Committee, Subcommittee on Energy and Mineral Resources on February 23, 1994, regarding the Fiscal Year 1995 budget request for the Office of Surface Mining Reclamation and Enforcement.

Thank you for the opportunity to provide this material to the Committee.

Sincerely,

Bob Armstrong
Assistant Secretary, Land and
Minerals Management

Enclosures

1. **Question:** According to a 1993 House Appropriations Committee report, only 9% of the OSM workforce are inspectors and they receive only 6% of the OSM's Budget.

How does the OSM's FY95 budget request address this imbalance in the use of resources?

Answer: The OSM's inspectors are vital to the program. They provide an important oversight and enforcement function, and are available to train state inspectors, serve as OSM's eyes and ears for anticipating future problems and provide a contact point for States, citizens and coal companies. I understand that OSM informed the House Appropriations Committee in its April 1993 initial response to the investigative report that inspectors actually accounted for 14 percent of OSM's workforce. I am informed that as of December 1993, there were 155 inspectors in OSM constituting 15.1 percent of the total workforce, and that for Fiscal Year 1993 OSM's field operations directorate received 27 percent of the agency's overall operating resources. Ongoing studies will review whether OSM has the right number of inspectors and whether they are in the proper locations.

(Editor's note.--Response to Question 2 was not submitted at the time of printing.)

3. **Question:** Some states have state programs even though they don't have any mining, for example Mississippi is scheduled to receive \$68,930 for FY95. Eleven states produced less than 10 million tons of coal per year. Of these, eight have primacy (Arkansas, Iowa, Kansas, Oklahoma, Alaska, Missouri, Louisiana, Maryland) at a proposed cost of \$2,950,040. Add in Mississippi, and that's over \$3,000,000. That could fund a lot of inspectors. In Oklahoma, OSM is planning to take over the state program under Section 733 of the Act because of citizen's complaints and defects in the program.

What other steps are you taking to encourage small producing states to give up their primacy?

Answer: OSM is not encouraging any State to relinquish primacy. The Surface Mining Control and Reclamation Act of 1977 (SMCRA) provides that States may have exclusive jurisdiction over the regulation of surface coal mining and reclamation operations without regard to coal production. Many of the States with low production have a number of sites that are in stages of reclamation which require inspection. In the case of Oklahoma, OSM has taken action under 30 CFR 733 to require deficiencies in the State program to be corrected. If the deficiencies are corrected in a timely manner as we expect them to be, OSM will not withdraw the program from the State. Mississippi has been revising its regulatory program to be as effective as the Federal regulations. In Fiscal Year 1995, OSM will be funding the State only to monitor a small amount of lignite production.

4. **Question:** Congress established a spending cap on state-by-state basis on the emergency AML reclamation program.

What effect has that cap had on OSM's ability to react to and adequately abate emergency situations in each state?

Answer: OSM has reached the limits imposed by the cap in Kentucky in two of the past three years. This year, approximately \$4 million of the \$5 million available for Kentucky has already been used. Several large dollar subsidence emergencies were funded this year in Pennsylvania, leaving approximately \$2 million available for the remainder of the year.

In Kentucky, OSM has abated a number of landslides, caused by sudden failure of unstable material on abandoned mine benches in steep slope areas, threatening or actually damaging homes. This is the predominant emergency situation experienced in Kentucky and stabilization needed to abate the problem averages over \$100,000. This cost addresses only the immediate emergency condition; OSM refers the remaining problem to the state for priority consideration under the regular grant program. With this process OSM has been able to effectively address those emergency situations funded within the limits imposed by the cap in Kentucky.

In the FY95 budget, the Administration has proposed the removal of the State-by-State cap on the emergency AML reclamation program. Such a spending cap creates inefficiencies in managing the emergency program.

5. **Question:** If Congress lifts the cap on funding for the emergency AML program, what assurances can you give us that the program will continue to be effectively managed?

Answer: OSM will continue to manage emergency abatement under the guidelines reaffirmed in 1991 in response to concerns of OSM management and Congress. These guidelines include:

- o Assuring the proper declaration of emergencies. The OSM official declaring the emergency must ensure that there is a sudden danger or impairment that presents a high probability of substantial physical harm to the health, safety, or general welfare of people before the danger can be abated under normal program operation procedures.
- o Assuring the proper response to emergencies. Reclamation should be limited to that amount of reclamation necessary to stabilize the emergency aspects of the problem by eliminating the immediate danger to public health, safety, and general welfare. Any remaining work should be referred to the program States for consideration as a high priority problem in either their current or next fiscal year construction grant.
- o Assuring that the potential to become an emergency problem is a factor in the State/Tribe Project Selection process. This includes sites which are referred to OSM as emergencies but are not declared such and those sites which could deteriorate into an emergency situation.

6. **Question:** Do you feel the emergency AML spending cap has been a benefit or a problem with the respect to the state grant programs?

Answer: The Administration has proposed the elimination of the emergency funding cap language from the appropriations language. A cap on funding for abatement of emergencies impedes the efficient management of this program.

7. **Question:** Congress appropriated \$15 million for emergency AML in the last fiscal year.

Was that amount spent on reclamation projects and, if not, what was the unspent portion used for?

Answer: Congress appropriated a total of \$21.8 million for emergency projects in the FY 1993. Of that amount, \$6,940,500 was appropriated for grants to States and \$14,872,500 to OSM to abate emergencies in States without their own emergency programs and on Federal and Tribal lands (activity 23).

In Fiscal Year 1993, OSM obligated \$10,362,262 and the States obligated \$6,426,462. With Congressional approval, OSM reprogrammed \$1,940,850 to States that took over the running of their emergency programs in Fiscal Year 1993. Ten States currently run their own emergency programs (Alabama, Alaska, Arkansas, Illinois, Kansas, Montana, North Dakota, Ohio, Virginia and West Virginia). Funds that were not spent in FY 1993 were carried forward into Fiscal Year 1994 and are currently available to the States and OSM to spend on emergency projects in Fiscal Year 1994 (within the restrictions imposed by the emergency funding cap). The amounts carried forward are as follows:

Grants	\$ 514,038
OSM Emergencies	\$2,569,388
Total	\$3,083,426

8. Question: Navajo citizens requested at a meeting last March with OSM that staffing on the reservation be increased. Former acting director, Hord Tipton, acknowledged that OSM's funding was inadequate for Navajo Nation staff to oversee the large mining operations. Tipton promised increased funding would be provided in this budget cycle. Over the past couple of months, numerous problems have arisen with mine sites on Navajo lands.

Has this promise been kept in the FY 95 budget?

Answer: OSM is the regulatory authority on Navajo lands. There are sufficient funds in the FY95 budget to address any regulatory problems with mine sites on Navajo lands. OSM monitors the workload facing its staff in the field. If circumstances justify such actions, it reassigns staff temporarily to areas where there is the most urgent need for them. Therefore, no additional funds were requested for this purpose.

9. **Question:** The OSM budget indicates a \$100,000 decrease in spending for applied research. Citizens have requested and OSM has agreed to (and in some cases, undertaken) research on problems such as "cast-blasting" (where huge explosive charges are used to excavate strip mine pits), acid mine drainage prevention, and preservation of prime farm lands.

Does this decline in applied research funding mean that OSM has completed its studies of these problems and is ready to take action?

Answer: The Secretary has emphasized increasing interagency support for addressing technical issues facing the Department. OSM is involved with the Bureau of Mines (BOM) and the U.S. Geological Survey (USGS) in coordinating the efforts of the respective agencies so as to apply state-of-the-art scientific expertise needed to solve complex technical problems. Acid mine drainage prevention is an example of an issue that currently is being addressed through this interagency cooperation.

The applied research program is entering a new phase with future research to be handled by the National Biological Survey and coordinated with other Bureaus, as appropriate. In addition, information needs in OSM will be addressed by in house task forces and resources. As a result of this transition, no new research projects through outside contracts have been funded in Fiscal Year 1994.

OSM has formed a task force to study methods of dealing with acid mine drainage. The task force will focus on acid or toxic materials handling plans. Also, OSM is preparing handbooks for addressing acid or toxic materials handling for Tennessee. In the West, OSM is conducting a staff study to identify and describe acid soils and plant community ecosystems to further our understanding of acid forming material in the West and its potential for identification and reclamation.

In Fiscal Year 1990 and Fiscal Year 1991, OSM began evaluating a large number of citizens' complaints near Evansville, Indiana, based on the contention that blasting had caused damage to their homes. Ongoing technical studies initiated in Fiscal Year 1992 are being conducted by OSM through interagency agreements with BOM, USGS, and the Corps of Engineers (COE) to determine if there is evidence linking blasting to the reported structural damages.

OSM continues to work on these and other technical studies.

U.S. House of Representatives
Committee on
Natural Resources
Washington, DC 20515-6201

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February 28, 1995

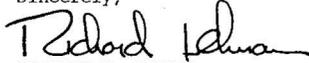
Ms. Deborah Knopman, Deputy Assistant Secretary
Water and Science
U.S. Department of the Interior
Washington, D.C. 20240

Dear Ms. Knopman:

Enclosed please find additional questions from last week's hearing relating to the President's Fiscal Year 1995 budget request for the energy and mineral resource programs under your jurisdiction.

Your prompt attention to these inquiries will be most appreciated.

Sincerely,


RICHARD H. LEHMAN
Chairman, Subcommittee on
Energy and Mineral Resources

Enclosure

- Ms. Knopman, the budget request for the Bureau of Mines proposes comprehensive changes in how and where the Bureau of Mines operates.
- What are the objectives of comprehensive reform?
- What are the rules or guidelines to be used to make reforms and to ensure "change" is a constructive process?

The Bureau of Mines proposes to establish Centers of Excellence for research functions.
- How will these be established?
- Will there be Bureau-wide personnel changes?
- How will operational changes be made?
- Ms. Knopman, last year, in writing the report to accompany comprehensive mining law reforms made by H.R. 322, this Subcommittee noted that the Bureau of Mines has prepared a standard form and handbook to identify abandoned mine sites on federal land.

What provisions have been made in the budget request to support such needs?
- What is the scope of research responsibility for the Center of Excellence for Pollution Prevention and Control?
- The largest research component of the Bureau's budget has been directed to the health and safety of miners.

How would this change?
- Has the Bureau of Mines made changes in its program reforms upon receiving comments from employees and customers?



OFFICE OF THE DIRECTOR

United States Department of the Interior

BUREAU OF MINES
WASHINGTON, DC 20241-0002

March 23, 1994

Honorable Richard H. Lehman
Chairman, Subcommittee on
Energy and Mineral Resources
Committee on Natural Resources
House of Representatives
Washington, D.C. 20515

Dear Mr. Lehman:

Enclosed are responses to additional, written questions addressed to Ms. Deborah Knopman, Deputy Assistant Secretary for Water and Science, in your letter of February 28, 1994. The questions pertain to the fiscal year 1995 budget request for the U.S. Bureau of Mines and follow your Subcommittee's February 23, 1994, oversight hearing on this budget request. The responses to your post-hearing questions have been approved by the Department of the Interior.

Sincerely,


Acting Director

Enclosure



OFFICE OF THE DIRECTOR

United States Department of the Interior

BUREAU OF MINES
WASHINGTON, DC 20241-0002



March 23, 1994

Honorable Richard H. Lehman
Chairman, Subcommittee on
Energy and Mineral Resources
Committee on Natural Resources
House of Representatives
Washington, D.C. 20515

Dear Mr. Lehman:

Enclosed are responses to additional, written questions addressed to Ms. Deborah Knopman, Deputy Assistant Secretary for Water and Science, in your letter of February 28, 1994. The questions pertain to the fiscal year 1995 budget request for the U.S. Bureau of Mines and follow your Subcommittee's February 23, 1994, oversight hearing on this budget request. The responses to your post-hearing questions have been approved by the Department of the Interior.

Sincerely,

Hermann Eiser

Acting Director

Enclosure

- Q. Ms. Knopman, the budget request for the Bureau of Mines proposes comprehensive changes in how and where the Bureau of Mines operates.

What are the objectives of comprehensive reform?

- A. In a December 6, 1993, memorandum sent to all employees of the U.S. Bureau of Mines (USBM), Assistant Secretary for Water and Science Betsy Rieke set forth the following expectations using guidance from the National Performance Review:

The USBM scientific and technical expertise is well regarded by those in and outside of government. During my tenure as Assistant Secretary, however, I have discovered there is a common perception that USBM research and other activities have not been responsive to the changing public needs and, as a result, should largely be done by the private sector. At this point, I believe it is critical for the Bureau to take active steps to ensure that its analytical and scientific capabilities are used in ways that best serve the Nation in the years to come. In particular, it needs to transition to an agency which is known and identified for its contributions to the solution of broad-based, mineral-related problems. I believe that the objectives outlined in the program review report provide a vision and a framework which will enable the Bureau to play a stronger, more effective role in Departmental and Administration efforts to solve the most important mineral-related problems in the coming years.

Using this guidance and the assumption that future budget requests would be unlikely to exceed the level proposed in fiscal year (FY) 1995, four specific objectives became apparent to the USBM:

- o Maximize program relevance to the Department of the Interior and Federal customers.
- o Develop problem-solving programs to address research priorities that would be conducted at Centers of Excellence.
- o Identify programs that should be directed into higher priority areas or phased out.
- o Formalize program development procedures to include input from identified customers and external as well as internal peer reviews.

- Q. What are the rules or guidelines to be used to make reforms and to ensure "change" is a constructive process?
- A. To achieve the intended objectives and make the necessary program adjustments in a constructive manner, the USBM recommends that the following rules, guidelines, and accountability mechanisms should be used:
- o Programs should be structured to solve explicit problems within a specified period of time.
 - o Joint efforts with other agencies and cooperative cost-sharing partnerships should be encouraged.
 - o Each program should be developed in cooperation with customers.
 - o Each program should be subject to formal outside peer review and have a sunset provision.
 - o A permanent Program Management Council chaired by the Director should be established.
 - o An external advisory committee should be established to advise the Director on policies and programs for the USBM.
 - o Visiting committees and internal peer review committees should be established to review all programs periodically.
- Q. The Bureau of Mines proposes to establish Centers of Excellence for research functions. How will these be established?
- A. The USBM recommends that Centers of Excellence be established as preeminent authorities on particular minerals techniques, technological developments, or information that is useful to the Nation, Department of the Interior and other USBM customers. Each Center of Excellence would specialize in solving a specific set of problems in a defined area of expertise. The areas of expertise of the proposed Centers of Excellence are:
- o Environmental Remediation
 - o Pollution Prevention and Control
 - o Health and Safety
 - o Materials Research Partnerships

Q. Will there be Bureau-wide personnel changes?

A. Yes. The Bureau intends to eliminate at least one management layer each in the field and at headquarters. Concurrent with the closure of two facilities in Alaska, one in Alabama, and one in Missouri will be staff consolidation to implement program adjustments and the President's goal of staff reductions. Overall, we anticipate a staff reduction of 211 positions, almost 10 percent, will be required in FY 1995. All field facilities and headquarters will be affected.

Q. How will operational changes be made?

A. An Implementation Team made up of USBM employees will be recommending the specific details of what needs to be done to achieve goals. Change should be implemented in ways that will minimize its adverse impact on USBM employees and enhance their future professional opportunities.

Initially, there would be program activities in a designated Center of Excellence that would support another Center of Excellence. The current Environmental Technology program, for example, is conducted at all nine research centers and one field office. Such activities would be transferred to the appropriate Center of Excellence within a 5-year timeframe.

The locations for the proposed Centers of Excellence were chosen based on the quality of the physical structure currently at these locations, geography, transportation routes, and the technical capabilities currently at the location. Those research locations that are not designated as a future Center of Excellence would become satellites to one of the Centers.

Q. Ms. Knopman, last year, in writing the report to accompany comprehensive mining law reforms made by H.R. 322, this Subcommittee noted that the Bureau of Mines has prepared a standard form and handbook to identify abandoned mine sites on federal land.

What provisions have been made in the budget request to support such needs?

A. Because of the increasing need for inventory and evaluation of abandoned mined lands managed by the Department of the Interior and other federal agencies, funding for these studies will be increased by transferring some funding from mineral land assessment and international minerals availability functions. Field evaluation and prioritization of abandoned mineral sites started in FY 1994 will be completed. Additional studies will be determined by priority needs of the Forest Service and the

Bureau of Land Management. Work will continue on the integration of abandoned mine information in the Greater Yellowstone Area and other priority planning areas.

The USBM's mineral history data base, with over 200,000 records, is a comprehensive profile of mining and mineral-related sites. A USBM screening methodology is used to assess a site's relative potential for public health and safety hazards and/or environmental problems. Using this methodology and information gathered from current and past Mineral Land Assessment studies, the USBM is assisting land managing agencies with their inventory requirements.

Site characterization, which determines the volume, toxicity, and mobility of pollutants, is essential to efficient, cost-effective remediation. Because of their size and complex mineral nature, mining sites can be difficult to evaluate. The USBM expertise in mineral exploration and engineering methods has been combined with other disciplines, such as biology, to form teams of scientists and engineers. These teams conduct characterization studies for Federal agencies on abandoned mining and mineral-processing sites.

- Q. What is the scope of research responsibility for the Center of Excellence for Pollution Prevention and Control?

The Administration has designated pollution prevention as one of its highest research priorities, calling for accelerated investment in methods to prevent pollution and minimize resource waste. The USBM research capabilities in these areas will be consolidated at the proposed Center of Excellence for Pollution Prevention and Control. Although cleaning up the damage caused by past industrial processing is vital, the long-term, cost-effective solution is to prevent damage by fixing the source of pollutants and wastes. Wastes can be further reduced through recycling.

Large amounts of solid and liquid wastes are generated at various stages of the materials cycle--from extraction, to refining, to use. These wastes are often contaminated with toxic metals such as lead, cadmium, and mercury. This program will develop the science and technology required to modify pollutant sources to minimize wastes and prevent environmental problems.

- Q. The largest research component of the Bureau's budget has been directed to the health and safety of miners. How would this change?
- A. Health and safety research will continue to be a major part of the future U.S. Bureau of Mines. However, the past success of the program could not be overlooked in determining how the program fits in a strategic plan for the USBM. The results of USBM research have helped reduce fatalities significantly. In coal, for instance,

there was a 79 percent decrease in fatalities per 200,000 employee-hours exposure from 1965 to 1990. Recent fatalities for all types of mining have been less than 100 per year.

Mining, however, is still a hazardous occupation, and we need to continue to develop safer technologies to reduce or eliminate injuries and fatalities. Some technical problems with mining safety have not been solved. Underground coal mining, for instance, still has a disproportionate number of injuries. This sector still needs research to bring its injury rates in line with other industries. Industry often has little incentive to develop new technologies to accomplish this since increased regulations or potential liability questions can be involved. The Federal Government works to ensure that technology can be made available to meet current or proposed regulations and improve technology that can be used to strengthen regulations to provide a safer working environment.

The proposed health and safety reductions were selective. They reflect an examination of each element and major problems that can be solved. The proposed reductions in funding attempt to prioritize the health and safety needs along with a push toward defining research problems more concisely.

- Q. Has the Bureau of Mines made changes in its program reforms upon receiving comments from employees and customers?
- A. Yes. Many constructive comments were received. The most significant change occurred in the area of information and analysis. The program review originally proposed five Centers of Excellence. The comments received suggest that information programs, unlike research, need not be concentrated in a single location to achieve excellence. On the contrary, information programs benefit from complementary data collection at several field locations and headquarters. Consequently, the USBM recommends reducing the number of Centers of Excellence from five to four, all of which would be associated with a specialized field of research. Complementary data collection and analytic services provided at headquarters and some field locations will continue. The quantity and quality of information activities will be continually reviewed by the same standards of excellence and with the same budget considerations as for research.



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