

**PROPOSED FISCAL YEAR 2008 BUDGET REQUEST  
FOR THE DEPARTMENT OF THE INTERIOR**

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**HEARING**  
BEFORE THE  
**COMMITTEE ON**  
**ENERGY AND NATURAL RESOURCES**  
**UNITED STATES SENATE**  
**ONE HUNDRED TENTH CONGRESS**  
FIRST SESSION  
TO  
REVIEW THE PRESIDENT'S FISCAL YEAR 2008 BUDGET FOR THE  
DEPARTMENT OF THE INTERIOR

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FEBRUARY 15, 2007



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**PROPOSED FISCAL YEAR 2008 BUDGET REQUEST FOR THE DEPARTMENT OF THE INTERIOR**

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**THURSDAY, FEBRUARY 15, 2007**

U.S. SENATE,  
COMMITTEE ON ENERGY AND NATURAL RESOURCES,  
*Washington, DC.*

The committee met, pursuant to notice, at 9:35 a.m., in room SD-366, Dirksen Senate Office Building, Hon. Jeff Bingaman, chairman, presiding.

**OPENING STATEMENT OF HON. JEFF BINGAMAN, U.S.  
SENATOR FROM NEW MEXICO**

The CHAIRMAN. Good morning. Why don't we go ahead, and let me start by welcoming Secretary Kempthorne. I very much appreciate him being here. He's always welcome at this committee, as he I'm sure knows.

Let me just take a few minutes to highlight some of my initial thoughts about the budget proposal that we've received, and then defer to Senator Domenici to make any comments that he has, and then call on the Secretary to give us his testimony. I should alert people. I did mention to Secretary Kempthorne that we've got two votes scheduled at 10:30, and so after probably the second bell that they ring for that first vote, we'll go into adjournment for about 20 minutes and then come back and continue with questions, assuming people still have questions at that time.

I think clearly the administration's, the department's budget is an improvement over the funding that was provided in the continuing resolution that we just passed yesterday, and for that I'm certainly grateful. I do think it's important to note that this proposal is below the amount that was appropriated for fiscal year 2006, and there are several important programs that in my view it fails to adequately fund.

On the positive side, I very much appreciate the extra money the administration is proposing to add to the operations of our national parks. I'm concerned that some of the increase comes at the expense of other important programs like the Land and Water funding or park construction. The historic funding level proposed for park operations is significant, and I commend Secretary Kempthorne for that.

The National Park Service budget includes your proposal for the National Parks Centennial Initiative, and I'm sure you will describe that. As I have understood it, it's a very ambitious, poten-

tially \$3 billion proposal. The administration is recommending an additional \$100 million be appropriated annually for 10 years for national park operations, and for the upcoming year. And the initiative, \$3 billion, is made up also from \$1 billion in private philanthropy and another \$1 billion in direct spending, as I read the proposal.

I appreciate and support the effort to secure this new park funding. We need to hear more details both about how the Park Service intends to raise that private money, substantially more as I understand it than the Park Service has historically received for this type of work. And also, of course, I have some concern about whether there is any intended way to pay for the \$1 billion in mandatory funding.

We had quite a debate here in this committee and in the Congress when we tried to include mandatory park funding as part of the CARA legislation a few years ago. We ran into significant opposition, particularly from the Appropriations Committee members, about the idea of doing that as mandatory funding.

On BLM issues: the proposal would allow the Bureau of Land Management to sell public lands, and this is a proposal that has been made now for several years in a row; sell public lands and use those proceeds for operational expenses and for retiring our Federal debt. I have always opposed the idea that that was the way to deal with our deficit or the way to deal with our ongoing operational funding needs, and that's still my view.

On the Land and Water Conservation Fund: I'm disappointed that the budget continues the proposal to provide very little funding for the Land and Water Conservation Fund. This year's budget justification for the National Park Service has the following sentence in it, which I strongly agree with. It says, "Over the past 40 years, the Land and Water Conservation Fund has been the most tangible and successful national demonstration of these fundamental American values, caring for our shared resources and providing recreation opportunities for physical activity and spiritual renewal."

But while that statement is in the written justification for the budget, the budget itself proposes to zero out State funding for the Land and Water Conservation Fund and to provide only \$59 million for Federal land acquisition, which is 7 percent of the authorized level. That would be, if we actually enact that, the lowest funding level in the history of the Land and Water Conservation Fund. I know there is strong bipartisan support for both the Federal and the State portions of the Land and Water Conservation Fund programs, and obviously we will work to try to do better than the administration is proposing there.

On PILT: again the proposal this year would cut that PILT funding by \$46 million below the 2006 funding level, and obviously leave it far below the authorized \$350 million level.

On royalties: this is an issue we've already had a couple of hearings on, oil and gas and other mineral royalties. That's an issue that I hope, Mr. Secretary, and I am confident that you and your department will work with us to find a solution for that. I think it's essential that we find a way to make the Treasury whole, so that the errors that were made by the department in earlier draft-

ing of leases back in 1998 and 1999 not be at the expense of the taxpayer, ultimately.

On water issues: again, the budget in my view does not reflect the very great importance that water has to our communities throughout the West. Water programs continue to be singled out for significant cuts that I think are ill-advised, and I can go into more detail about that and probably will in the questions.

Those are some initial observations on the budget. I look forward to a chance to hear more detail about the budget, and I defer to Senator Domenici for any comments he has.

[The prepared statement of Senator Bingaman follows:]

PREPARED STATEMENT OF HON. JEFF BINGAMAN, U.S. SENATOR FROM NEW MEXICO

Good morning and welcome, Secretary Kempthorne. I would like to take a few minutes to highlight some of my observations and concerns on the Administration's FY 2008 budget proposal, both with respect to new legislative initiatives and the funding levels proposed for key departmental programs. While the Department's budget in general is an improvement over the funding provided in the continuing resolution, I think it's important to note that this proposal is actually below the amount appropriated in FY 2006, and in my view fails to adequately fund several important programs, which I'll go into in a moment.

On a positive note, I appreciate the extra money the Administration is proposing to add to national park operations. While I am concerned that some of the increase is at the expense of other important programs, like land and water funding or park construction, the historic funding level proposed for park operations is significant and I commend you for that.

#### NATIONAL PARKS CENTENNIAL CHALLENGE

The National Park Service budget includes your proposed National Parks Centennial Initiative, which is a very ambitious, potentially \$3 billion proposal. As I understand the initiative, the Administration is recommending that an additional \$100 million be appropriated annually for ten years for national park operations, and for the upcoming year, that additional money is included in your increased park operations budget. The initiative will also include a proposal to raise another \$1 billion over the same ten year period through private philanthropy. That funding would be matched by an additional \$1 billion in direct spending, so that for every dollar raised, another dollar of federal money would be made available, but without the need for a new appropriation.

While I certainly appreciate and support your efforts to secure new park funding, we have not yet heard many of the specific details. For example, I understand that presently, the National Park Foundation—the Park Service's primary fundraising partner—rarely raises more than \$20 million in cash donations in a single year, and the total of all private cash contributions the Park Service receives is around \$40 million. I would like to better understand how you realistically expect to raise the \$100 million each year above and beyond current donations.

Second, we have not yet seen how the Administration intends to pay for the proposed \$1 billion in mandatory funding. Several years ago I tried to include a mandatory park funding proposal as part of the CARA legislation, and we ran into significant opposition, especially from the Appropriations Committee, in large part because of the mandatory spending, so I think that aspect of the initiative will be closely followed.

Nonetheless, I support the intent of the initiative, and I look forward to working with you as this concept is developed.

With that positive review out of the way, let me briefly highlight a few areas of real concern to me.

#### BLM LAND SALES

I am troubled that the Administration will again propose legislation to allow the Bureau of Land Management to sell public land and to use some of the proceeds from those sales for operational expenses, with the majority of funds deposited into the Treasury for debt retirement. When this proposal was submitted last year, it was soundly rejected on both sides of the Capitol, by both parties. Frankly I don't think it will be received any better this year.

Selling public land for deficit reduction or agency operational funding needs is, in my view, an extremely short-sighted policy, and one that I will oppose.

#### LWCF

I am also disappointed that this budget continues the Administration's practice of providing very little funding for the Land and Water Conservation Fund. This year's budget justification for the National Park Service, includes the following statement: "Over the past forty years, the Land and Water Conservation Fund has been the most tangible and successful national demonstration of these fundamental American values: caring for our shared resources and providing recreation opportunities for physical activity and spiritual renewal." I find it ironic that this statement—which I believe accurately states the success of the program—is followed by a proposal to zero out the State portion of the LWCF and only provide \$59 million for federal land acquisition, which represents less than 7 percent of the full authorization, which would be the lowest funding level in the history of the LWCF.

I know there is strong bipartisan support for both the Federal and State Land and Water Conservation Fund programs and I will work to see if funding for both the Federal and State LWCF programs can be significantly increased.

#### PILT

The Administration is again proposing to cut funding for the Payment in Lieu of Taxes, or PILT program. The proposed cut this year is over \$46 million below the 2006 funding level, and far below the authorized level of about \$350 million. I understand that this has become an annual budget game—the Administration proposes to cut funding and the Congress adds it back in—but it's too bad the Administration is not trying to help.

#### ROYALTIES AND OVERSIGHT

There are many issues at the Department relating to the production of oil and gas and other minerals that warrant our attention, and we will do our best to provide adequate oversight. One priority involves royalties. The Committee has already conducted hearings on problems relating to royalty management and I am pleased that we have had an opportunity to talk about this.

I know that you will work with us in trying to solve the difficult issues relating to the 1998 and 1999 OCS leases that omitted price thresholds, resulting in billions of dollars of royalty-free production. I also have ongoing concerns regarding the compliance review and auditing process and hope that we will see improvements there.

Other key issues include ensuring that there are adequate resources to administer all the multiple uses of our public lands. Also, I have had a longstanding interest making certain that the onshore oil and gas leasing program places adequate emphasis on inspection, enforcement, and monitoring.

#### WATER ISSUES

In my view, the Department's budget for water programs within the Bureau of Reclamation and the USGS is inconsistent with the importance of water to communities across the West. Water programs continue to be singled out for significant cuts which I find ill-advised, particularly given that Federal law and policies impact water management in most every State.

The Bureau of Reclamation's budget, at \$966 million, is over 6 percent below the FY '06 funding levels. The proposed decrease comes in the face of a growing backlog of rural water, water recycling, water conservation, and river restoration projects that many communities are depending on to help meet future water demands, while at the same time reducing conflicts over water. Congress has worked with the Administration in a number of these areas, such as the recently enacted Rural Water Supply Act, with a goal of tightening up the criteria and cost-shares for water-related projects. I expected that the Administration would try to meet us half-way by offering some level of support for funding these critical items and addressing the existing backlog. Reclamation's budget falls short of that expectation.

Just as important as infrastructure and improved water management, is an increased understanding of our water resources. The USGS water science budget fares slightly better than Reclamation's—with a proposed decrease of only 1 percent below the FY '06 funding level. This still raises concerns as the water-related challenges facing us are enormous. Drought, climate change, population increases, groundwater mining, water quality issues, and public demand for healthy rivers are putting water managers to the test across the United States. In an era of intense competition for limited water supplies there is a strong need for more refined water man-

agement strategies. This requires a comprehensive understanding of our hydrologic systems. Federal leadership, in partnership with State and local water managers, is critical to this effort.

Those are my initial observations on this budget. I look forward to discussing these issues in greater detail after we hear from Senator Domenici and then Secretary Kempthorne.

Thank you.

**STATEMENT OF HON. PETE V. DOMENICI, U.S. SENATOR FROM  
NEW MEXICO**

Senator DOMENICI. Thank you very much, Mr. Chairman, and welcome, Mr. Secretary. I hope you are—not that I am assuming you did not enjoy the job from the beginning—but I hope the office is beginning to settle in and that you're enjoying it more every day. It's a marvelous department. It had a lot of problems, and you're going to be charged with trying to fix some of them, and there are many of them there to use your skills and effort on.

So I thank you for coming, and Mr. Chairman, I'm glad you were able to get the Secretary here. The budget document is of utmost importance because it really essentially tells him and us where that department is going.

Let me begin by saying that we are confronted today by a critical need to reduce the dependence on foreign energy sources. As we seek solutions in science and technology to move us away from fossil fuels, we must acknowledge that our energy security still rests on the vitality of domestic oil and gas supplies in the near term and clearly on what we must import to meet our needs.

In December we took a very important step to enhance our energy security with the enactment of the Gulf of Mexico Security Act of 2006. This law opened 8.3 million acres in Lease Sale 181 and the area south of 181 of the Gulf of Mexico for oil and gas leasing. I note that you have been taking the importance of that leasehold seriously, and the fact that we in the Congress changed the law so we could get on with using more of that Outer Continental Shelf. Twenty-five years it was frozen. And you are now busy out there trying to get the job done, and we thank you for that.

The implementation of the law holds the potential to bring an estimated 1.26 billion barrels of oil and 5.8 trillion cubic feet of natural gas to market over the next several years, and it also sets an example for perhaps expanding into other areas where we have not heretofore permitted drilling. There is enough energy on the leasehold that I have described to heat and cool approximately 6 million homes for 15 years. That's a pretty good find, and something we ought to get on with developing as soon as possible.

It has been 2 months since the Gulf of Mexico Energy Security Act was signed into law. The law provided that the administration will begin leasing in the newly opened 181 area within a year of enactment. I was disappointed by MMS's announcement yesterday that they expect to begin leasing in March 2008. I had expected you would be able to meet the 1-year requirement set forth in the law.

However, I understand the importance of and share your interest in completing all the necessary environmental work, and I understand you are moving right along but you will be 3 months late. I hope you don't have to miss any more time, and I would hope

that if you anticipate that, that you would let the committee know, because we are talking to constituents and to our own people about what that does, and we don't want to be put in a position where we've been telling a tale that isn't so.

Another topic, and I'm looking forward to it with great anticipation, is taking advantage of reserves that we have that come through shale oil. I think the department has done a wonderful job since the adoption of the Energy Policy Act. Section 369 directs you to enter into and undertake several actions in order to promote the development of this unconventional resource.

I hope you are aware of it, Mr. Secretary, and I hope you put it on the front burner, not the back burner. The potential is truly there, and when a company like Shell Oil invests large amounts of money to demonstrate that they can make this work, that's the best news we could have. When they put so much money into its development, that indicates far more than us doing a research project. They are right on the edge of making this a reality, and I hope you have assigned some people to stay in touch with Shell Oil so that we will all know what's happening.

We felt that section 365 was necessary to give you the resources to expedite oil and gas permitting. This section authorizes the establishment of pilot offices for expediting the application for permit to drill on this property.

We created that section and were quite sure that we had done something exciting. That was to establish pilot projects, pilot centers, where all of the permitting would be done on one site. Now, Mr. Secretary, that is working. All you have to do is go ask the BLM.

Now, you are recommending that that section be repealed because you want the permittees to pay more money for the permits, so that we won't have to pay for the permitting activities out of the general fund like we do on every other permitting activity. I'm not going to support the repeal. I think we ought to get on with using it and paying for it. So I don't think you have a chance of getting a repeal, and I don't think you should push for it. I think you should put it in your budget and make sure you find the money to pay for it, because it will work.

I ask that the remainder of my statement be made a part of the record, other than to remind you that you have committed to work with us on three water settlements in New Mexico, and so far you're doing a good job. Your people are working at it. We haven't found solutions but we're working at it.

Thank you. Thank you, Mr. Chairman.

[The prepared statements of Senators Domenici, Akaka, Salazar, and Menendez follow:]

PREPARED STATEMENT OF HON. PETE V. DOMENICI, U.S. SENATOR FROM  
NEW MEXICO

Thank you, Chairman Bingaman. Good morning, Mr. Secretary. I want to thank you for coming to testify on the Department of the Interior's Budget Request for FY2008. It is your first opportunity to testify before this Committee on an Interior budget, and it's great to have you here.

Let me begin by saying that we are confronted today by a critical need to reduce this nation's dependence on foreign energy sources. As we seek solutions in science and technology to move us away from fossil fuels, we must acknowledge that our

energy security still rests on the vitality of domestic oil and gas supplies in the near term.

In December, we took a very important step to enhance our energy security with the enactment of the Gulf of Mexico Energy Security Act of 2006. This law opened 8.3 million acres in Lease Sale 181 and the area south of 181 of the Gulf of Mexico for oil and gas leasing.

The implementation of this law holds the potential to bring an estimated 1.26 billion barrels of oil and 5.8 trillion cubic feet of natural gas to market over the next several years. This is enough energy production to heat and cool approximately six million homes for 15 years.

Mr. Secretary, it has been two months since the Gulf of Mexico Energy Security Act was signed into law. The law provides that the Administration will begin leasing in the newly-opened 181 area within one year of enactment. I was disappointed by MMS' announcement yesterday that they expect to begin leasing in March 2008. I had expected you would be able to meet the one-year requirement set forth in the law. However, I understand the importance of and share your interest in completing all necessary environmental work. I am pleased you are moving forward and I hope you will keep me apprised of your progress as you move toward the goal of beginning the leasing process. I am confident that you share my interest in getting this domestic energy on-line as soon as possible.

On another topic, as you know, I am looking forward with great anticipation to this country taking advantage of its tremendous oil reserves from oil shale. The Department of Energy estimates that technically recoverable oil shale in the United States is roughly equivalent to three times Saudi Arabia's oil reserves. Section 369 of EPAct directs the Secretary of the Interior to undertake several actions in order to promote the development of unconventional resources such as oil shale. I am very pleased that you included \$4.4 million for ongoing oil shale activities. This is an increase of \$1 million from the FY2007 request. I am looking forward to working with you to continue to spur development of this resource.

Next, I want to note that while I recognize many areas in your request to implement provisions of the Energy Policy Act of 2005, I am disappointed that you have requested the repeal of several provisions of Section 365, related to oil and gas permitting and development.

We felt that Section 365 was necessary to give you the resources to expedite oil and gas permitting. EPAct authorized the establishment of pilot offices for expedited processing of Applications for Permit to Drill (APDs). So far, this program has yielded progress in getting APDs out the door more quickly. The number of APDs received and processed in 2006 was an increase over 2005.

The repeal of these Section 365 provisions would cause oil and gas permit applicants to incur fees to fund the pilot offices. It concerns me that you would seek to burden the applicants with this additional cost when Section 365 provided a way to fund the pilot offices without new fees.

Finally, I want to reiterate my concern about the Department's lack of progress in resolving Indian Water Settlements, particularly in New Mexico. Un-adjudicated Indian water rights claims in the western United States pose a serious impediment to effective water management in the West.

During your confirmation hearing before this Committee, you committed to Senator Bingaman and me that you would make New Mexico Indian water rights settlements a priority. These include the Aamodt, Abeyta and Navajo settlements. I want to say for the record that your proposed budget of \$34 million for the Indian Land and Water Claims Settlement Fund is not adequate, particularly considering that the Aamodt, Abeyta, and Navajo settlements will require a federal contribution of approximately \$1.1 billion. We want to work with you to find a solution to funding these very important settlements.

Again, thank you for being here, Mr. Secretary. I look forward to working with you on these issues.

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PREPARED STATEMENT OF HON. DANIEL K. AKAKA, U.S. SENATOR FROM HAWAII

Thank you, Mr. Chairman, for calling this hearing on the Department of the Interior's FY 2008 budget proposal.

Mr. Secretary, it is good to see you again, and I appreciate your phone call last week regarding the Centennial Challenge initiative for the National Park Service.

The Park Service operational budget increases are much needed. As you may know, I have been a strong advocate for increasing operational funds, and for the past several years I have worked with Senator Thomas to urge our colleagues on Appropriations to increase the funding for the National Park Service. I am glad to

finally see a real increase for base funding for Parks. I also am pleased to see the new Centennial Initiative to work with non-profit organizations, donors, and volunteers. I look forward to working with you on this.

While I have specific questions, I am pleased to see specific funding for Kalaupapa, Midway Island, the USS Arizona Memorial, and the seasonal employees for Hawaii's parks. As usual, I am disappointed to see the very small amount of funding for the federal land and water conservation fund and the elimination of the Stateside LWCF. My state's Department of Land and Natural Resources needs the funding from these programs. Without them, Hawaii would have to cut back on activities and services for endangered species and park management. These state programs are part of the ongoing partnership with states and state wildlife agencies. We should not step back from our commitment to states.

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PREPARED STATEMENT OF HON. KEN SALAZAR, U.S. SENATOR FROM COLORADO

Thank you Mr. Chairman and Ranking Member Domenici. I want to welcome Secretary Kempthorne to today's hearing.

The Department of Interior is critically important to the state of Colorado. The Department of the Interior manages over eight million surface acres and over five million subsurface acres in Colorado. Almost every Coloradoan is in some way affected by the budget and priorities of the Department of the Interior. Millions of Coloradoans and visitors to our state visit the National Parks, hike the Historic Trails, hunt on BLM lands, or heat their homes with natural gas extracted under a BLM lease.

I want to begin by saying that I am pleased to see the importance this budget places on the operation of the National Park System. The increase in the FY2008 budget for the operation of the National Park System is much needed, and I am encouraged by the Administration's stated commitment to the National Parks' Centennial Challenge. The increased investment in the Rivers Trails and Conservation Assistance program will support the good efforts of organizations like Groundwork Denver that are working to build healthy and prosperous communities. Increased investment in the Relationship with Youth Partnership Programs will help to get young people involved in the conservation of the natural resources of the state of Colorado.

But our commitment to our public lands shouldn't stop at the boundaries of our national parks. We have many other crown jewels in Colorado, like Canyons of the Ancients National Monument and Gunnison Gorge National Conservation Area, which are managed by the BLM and part of the National Landscape Conservation System. These are the most precious of our BLM lands, yet this budget is proposing a \$10 million cut in funding for their management—that comes out to less than \$2 per acre. Meanwhile, studies are showing that cultural, natural, and historic resources on these lands are rapidly degrading.

I'm also perplexed by the budget proposal to eliminate the Land and Water Conservation Fund stateside grants program. In Colorado, these funds are critical investments in playing fields, trails, and open space protection. These projects are the quintessential example of cooperative conservation, with local communities matching their investment with federal investment. I fought hard for LWCF stateside last year, and I will do so again this year.

In addition to these concerns I have about the stewardship of our public lands, I want to say that I am deeply troubled by how this budget affects rural Colorado. In particular, this budget makes steep cuts to the Payment in Lieu of Taxes, or PILT, program, which is so important to Colorado counties like Rio Blanco and San Miguel, Conejos and Saguache, Grand and Gunnison. PILT provides money to communities that include federal lands (such as National Forests and/or Bureau of Land Management lands) to compensate for the fact that these federal lands do not pay taxes. In 2006, this program helped pay teachers, police neighborhoods, and pave roads in 52 counties in Colorado. The President's budget of \$190 million would cut this program by 20% from the 2006 appropriated levels. This is a serious blow to rural America.

Finally, I'm looking forward to hearing more about how this budget addresses the needs of western Colorado, where communities are experiencing rapid growth in energy production. These communities are often enthusiastic about expanded BLM oil and gas leasing activities in their area because they want to play a role in moving America toward energy independence. But these rural communities also care deeply about their land and water. They want to contribute to expanded domestic energy production while still preserving their natural heritage and a quality of life that attracts residents, visitors, and businesses.

This budget proposes a modest increase for inspections and monitoring for oil and gas development. That's a first step, but we must be sure the budget for inspections and monitoring is sufficient to match the rapid expansion of oil and gas leasing activities. Our rural communities deserve high standards and safeguards if they are to help carry us toward energy independence.

Mr. Chairman, I thank you again for holding this hearing and I look forward to hearing from Secretary Kempthorne on these issues, and a range of others, that are so important to the state of Colorado.

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PREPARED STATEMENT OF HON. ROBERT MENENDEZ, U.S. SENATOR FROM  
NEW JERSEY

Thank you, Mr. Chairman, for allowing us the chance to discuss the President's proposed Fiscal Year 2008 budget for the Department of the Interior, and thank you, Secretary Kempthorne, for taking the time to share your thoughts and ideas with this committee.

Let me say first that I am encouraged by the possibilities that are open to us with the unveiling of the Centennial Initiative for the National Parks Service. I believe that our National Parks deserve to be maintained as the crown jewels of our national heritage, and that new funding for maintenance, personnel, and operations will go a long way toward ensuring that our grandchildren will still be able to enjoy the natural beauty of our country. I'm pleased to see the Delaware Water Gap National Recreation Area, for example, receive an increase of over half a million dollars for personnel within the borders of the park.

I am especially intrigued by the opportunities available to us by the private philanthropy program that would match donations with funds from the Treasury. It is my hope that Ellis Island, a national icon and a symbol of the American dream, will be considered as one of the initiative's "signature projects" eligible for the matching program, and I was pleased to see it highlighted in the Department's budget request. For several years, a dedicated group of private citizens has been working to preserve and protect the south portion of Ellis Island, which is part of New Jersey. Although not as well known as the main building, this portion contains structures that are just as historic, and were just as vital for the millions of immigrants who passed through the island seeking a better life in this country. This is exactly the type of private effort that the Centennial Initiative should be rewarding with matching funds from the federal government, and I look forward to learning more about the process of selecting sites and soliciting funds.

While this budget proposal takes several steps in the right direction for the future of our parks, I am disappointed to see that the Bush Administration continues to under-prioritize the conservation of our open spaces. For the third consecutive year, the Administration is proposing to zero out the stateside Land and Water Conservation Fund (LWCF), which has already seen a decrease from \$140 million five years ago to \$28 million last year. This program is an invaluable resource for all 50 states, providing funds for land acquisition and rehabilitation as well as protection of natural resources such as open space and clean water. Since 1966, when the LWCF program was instituted, New Jersey has received over \$110 million in LWCF state-side grant funding, which has been used to preserve nearly 74,000 acres of open space and fund 241 park and recreation projects statewide. These projects span the state, from large acquisitions in the Highlands and Pinelands to small acquisitions along New Jersey's Hudson River waterfront. Liberty State Park in Jersey City has gone from a derelict waterfront to being one of the premier urban waterfront parks in the United States, thanks to \$6.5 million in LWCF assistance. Furthermore, it is also disappointing to see the administration propose another severe cut in funding for federal land acquisition under the LWCF. The \$58 million proposed in the budget represents a staggering 86% drop from Fiscal Year 2002, and will shortchange land acquisition and protection efforts across the country.

I am also deeply concerned by the continuing budget shortages within our National Wildlife Refuges. Although the FY08 budget contains a \$12 million dollar increase for these programs, this doesn't keep up with inflation, and will do nothing to address the severe staffing shortfalls that we are seeing in New Jersey and other states. One of our refuges has been completely de-staffed, and others are seeing cuts in law enforcement personnel, administrative staff, and wildlife biologists. This situation has left places such as the Barnegat region of the Edward B. Forsythe National Wildlife Refuge vulnerable to vandalism, crime, illegal ATV use, the encroachment of invasive species, and danger to the wildlife itself.

Finally, I am concerned about the implementation of the Minerals Management Service Five-Year Plan for leasing activity and drilling along the Outer Continental

Shelf, which in its most recent incarnation included a region off the coast of Virginia, less than 80 miles from New Jersey's beaches. Tourism is a \$26 billion industry in New Jersey, and is responsible for over 10 percent of the state's jobs. Our vibrant commercial and recreational fisheries are among the largest in the nation, generating over a billion dollars in revenue. In addition, the environmental value of our coastline—which provides crucial habitat for wildlife and a critical resting spot for countless migratory birds—is almost incalculable. Drilling in the Mid-Atlantic region would put all of this at enormous risk, and I urge the Secretary to ensure that the final 5-year plan respects both the Presidential withdrawals and Congressional moratoria in this region, and does not include any drilling in the Mid-Atlantic.

Our parks and our historic places are an important component of our collective American heritage. Our children are raised on family trips to places such as the Jersey Shore, school field trips to local historic places such as Thomas Edison's laboratory, and afternoons with their friends in our local parks. These, however, are not and cannot be the sole priorities for the Department of the Interior. I would urge the Secretary and the Bush Administration to reconsider the lopsided values presented in this budget proposal, and take into account all of the open spaces and national treasures within our borders that are desperate for our attention and funding.

The CHAIRMAN. Thank you very much, Senator Domenici.

Why don't we go right ahead with your statement, Mr. Secretary? We welcome you again to the committee and look forward to hearing from you.

**STATEMENT OF HON. DIRK KEMPTHORNE, SECRETARY, DEPARTMENT OF THE INTERIOR; ACCOMPANIED BY LYNN SCARLETT, DEPUTY SECRETARY; PAMELA K. HAZE, DIRECTOR OF BUDGET; AND R. THOMAS WEIMER, ASSISTANT SECRETARY FOR POLICY, MANAGEMENT AND BUDGET**

Secretary KEMPTHORNE. Mr. Chairman, thank you very much, and to you and to the distinguished members of the committee, it's a great pleasure and honor for me to be here today to present to you the 2008 fiscal year budget for the Department of the Interior. Having served with many of you in the Senate, I know from personal experience that establishing a budget is one of the most critical responsibilities that you have. It is also one of the most complex and difficult duties.

In undertaking this task, I committed to ensure that the Department of the Interior and its agencies would maintain high levels of service to the American people and reach for even higher levels of excellence. I look forward to working with you, Mr. Chairman, and other members of the committee, to achieve this goal as we move forward in the budget process.

The President's 2008 budget request for the Department of the Interior is \$10.7 billion, nearly \$450 million or around 4.5 percent above the 2007 continuing resolution spending level. Within this budget request, our budget includes an increase of \$214 million to fully cover the fixed costs of the entire department. That was critical to us.

My formal testimony outlines many specific features of our budget. This morning I'd like to focus on four initiatives that are included. First, our National Parks Centennial Challenge will enhance our national parks as we approach the 100th anniversary of the National Park System in the year 2016. Our Healthy Lands Initiative will allow us to protect critical lands and habitat while providing domestically produced energy for the Nation. Our Safe Indian Communities Initiative will combat the methamphetamine

crisis on Indian lands. And through our Improving Indian Education Initiative, we will prepare Indian children to prosper as adults.

Our first initiative, the National Parks Centennial Challenge, will be a decade-long partnership with the American people to renew and to revitalize our National Park System for its 100th anniversary in 2016. Our national parks express who we are as a Nation, our history, our culture, and our spectacular lands. Our Centennial Initiative will prepare our parks for a second century of excellence.

To inaugurate this effort we propose \$2.1 billion for park operations, a \$258 million increase over the 2006 enacted budget. This historic increase for operations will bring some 3,000 additional seasonal rangers and other employees to our parks. As part of this operating budget, we propose a Centennial Commitment of \$100 million to upgrade both our park infrastructure and the experiences of people visiting the parks.

Through the Centennial Commitment, we will repair buildings, improve landscapes, and enroll more children in the Junior Ranger Program. We will expand interactive experiences for today's technologically savvy young people. Mr. Chairman and members of this committee, as I announced our Centennial Challenge last week to park superintendents and to park advocates, they greeted the announcement with sincere enthusiasm.

In addition to increased operating funds, we are requesting \$100 million under our initiative to match \$100 million in contributions by Americans for signature projects and programs. Our budget request anticipates Centennial Challenge funding will continue at this level for the next 10 years, providing an additional \$3 billion over the next decade to support our parks. I look forward to joining with all Americans in a historic celebration of our national parks in 2016.

Our second initiative, the Healthy Lands Initiative, will restore nearly half a million acres of Federal land in six targeted areas of the West through cooperative conservation. These areas face competing uses of the land for wildlife habitat, recreational opportunities, and energy production.

We're requesting \$22 million to fund partnerships with local communities and conservation groups and companies to rehabilitate and protect working landscapes. We anticipate our partners will provide an additional \$10 million to leverage Federal funds.

Our Healthy Lands Initiative combines new Federal funding for habitat protection with a new vision of land management. We propose to transition from parcel-by-parcel land use planning to landscape-scale management. This holistic approach will enable us to provide access to energy while simultaneously preserving important habitat corridors and other significant habitat for species such as sage grouse.

I've spoken about our vision for managing and preserving our lands for future generations to enjoy. We're also proposing two initiatives to ensure that future generations of Native Americans have safe and secure communities to call home.

Methamphetamine has devastated communities and families across the Nation, yet few places have seen more devastation than

Indian Country. Tribal leaders I have met with describe a methamphetamine crisis that has the potential to destroy an entire generation if left unattended. They refer to it as the second smallpox epidemic. At one reservation hard-hit by this crisis, an estimated 25 percent of babies are born addicted to methamphetamine.

One of the challenges we face is a lack of adequate law enforcement on many tribal lands. As a result, organized crime has targeted Indian reservations as a hub for the distribution and transportation of methamphetamine.

We're requesting \$16 million in new investments for our Safe Indian Communities Initiative, to empower tribes to shut down these peddlers of poison. With these funds, we will help tribes hire the additional officers and provide specialized drug enforcement training they need to protect their communities. This is more than a budget issue. This is a moral issue. We must end this scourge.

It's not enough to protect Indian children. We must also guide them to a brighter future through educational opportunities. Over the past 5 years, we have significantly improved the condition of Indian Country schools, and yet just 30 percent of our schools are meeting their No Child Left Behind Act goals.

We're requesting \$15 million in new funding under our Improving Indian Education Initiative to help Indian children succeed. We'll enhance educational programs and provide new tools for lower-performing schools. Every child in America deserves to be kept safe. Every child in America deserves a chance for high quality education. Our initiatives will help ensure that the dreams of today's youth become the realities of tomorrow.

I believe that our 2008 budget will, in its entirety, make a dramatic difference for the American people. We will better conserve our public lands. We will improve our national parks. We will protect our wildlife and its habitat. We will help craft a better future for Indian Country, and particularly for Indian children. And we will produce the energy that America needs to heat our homes and run our businesses.

Mr. Chairman, I again thank you for the courtesies which you have always shown me and the opportunity to appear before your committee today. I'll be pleased to answer questions that you have about these initiatives and about the other provisions in the 2008 budget, and my formal statement has been made available to you.

[The prepared statement of Secretary Kempthorne follows:]

PREPARED STATEMENT OF HON. DIRK KEMPTHORNE, SECRETARY OF THE INTERIOR

It is a pleasure to appear before you today to discuss the President's FY 2008 budget for the Department of the Interior. This is my first appearance before this Committee since my confirmation hearings last March. During my time in the Senate, I had the pleasure of serving with eleven of the current members of this Committee. I considered you my friends and colleagues then and hope to work with all of you in that capacity now as we chart the future course for what I consider to be one of the most interesting and important cabinet agencies: the Department of the Interior.

Since becoming Secretary, I have traveled extensively in order to see Interior at work and to talk with Interior employees. I have addressed thousands of Interior employees. I have been impressed by the dedication and experience of the talented and dedicated Interior workforce. Every day, a Bureau of Indian Education teacher, a park ranger, a biologist, geologist, naturalist, or land manager is making a difference to help Interior fulfill its responsibilities.

Developing a budget for the Department of the Interior is an extraordinary exercise. We have an extensive mandate that rivals just about any governmental agency in its breadth and diversity—and its importance to the everyday lives of our citizens. Our 73,000 employees live and work in communities across America and its territories. We have 2,400 field offices. We manage 145,000 assets—second only to the Department of Defense. Our work stretches from pole to pole from wildlife refuges in the Arctic to scientific research at the South Pole.

Managing one in every five acres in the United States, we oversee land and resources that stretch across 12 time zones from the Caribbean to the Pacific Rim. The sun literally never sets on the Department of the Interior. We have the third largest contingent of Federal law enforcement officers, with 3,400 officers and agents. We oversee over 800 dams and irrigation projects. Interior-managed lands and water generate one-third of the Nation's domestic energy supply. The Department serves American Indians, including 561 federally recognized Tribes, Alaska Natives, and our Nation's affiliated island communities. We undertake research and provide information to understand the Earth and assist us in the management of the Nation's water, biological and mineral resources, and monitor all manner of natural hazards including volcanoes, earthquakes, and landslides. We also work with States to restore abandoned mine land sites and protect communities.

Our overall 2008 request for the Department of the Interior is \$10.7 billion. Taking into account the shift of funding for the Abandoned Mine Land program from discretionary to mandatory, the budget is \$448.5 million, or 4.4 percent, above the 2007 continuing resolution spending level. Our comparison throughout the 2008 budget is with the most recent action taken by Congress to fund our bureaus and programs, specifically, with the third Fiscal Year 2007 continuing resolution, which is effective through February 15, 2007.

The 2008 budget is carefully crafted within the President's commitment to continue to fund the nation's highest priorities while eliminating the deficit in five years. The administration is on track to achieve this goal.

At the heart of our budget are four major initiatives:

- The National Parks Centennial Initiative to enhance National Parks as we approach their 100th anniversary in 2016;
- The Healthy Lands Initiative, which will allow access to public lands for a number of uses and provide for energy for the nation while also protecting critical lands and habitat;
- The Safe Indian Communities Initiative to combat the methamphetamine crisis on Indian lands; and
- The Improving Indian Education Initiative that will enable Indian children to grow up in an environment that allows them to achieve their dreams.

#### THE NATIONAL PARKS CENTENNIAL INITIATIVE

The President's 2008 parks budget totals a historic \$2.4 billion. The park operating budget, at \$2.1 billion, provides an increase of \$290 million over the continuing resolution spending level, the largest increase in park operations funding ever proposed. This is \$258.3 million over the 2006 level and \$230 million over the President's 2007 budget for parks.

Last August, in honor of the 90th Anniversary of the National Park Service, and with an eye on the upcoming centennial in 2016, President Bush directed me to establish specific performance goals to help prepare the national parks for another century of conservation, preservation and enjoyment. In addition, the President asked that I identify signature projects and programs consistent with these goals and that continue the NPS legacy of leveraging philanthropic, partnership, and government investments for the benefit of the national parks and their visitors.

The President's budget for FY 2008 sets the stage for the next 100 years of our national parks. It includes the National Parks Centennial Initiative, one of my highest priorities. This Initiative proposes up to \$3 billion in new funds for the national park system over the next ten years.

Within our operating budget increase, we propose a \$100 million Centennial Commitment over 10 years, for a total of \$1 billion dedicated to park operations. Our Centennial Initiative will also inspire philanthropic organizations and partners to donate \$100 million per year over 10 years to the National Park Service. The Centennial Challenge Federal Fund will match all private donations up to an amount of \$100 million. These Federal mandatory matching funds and philanthropic contributions, together with the \$100 million annual Centennial Commitment in discretionary funds for park operations, would infuse up to \$3 billion into the park system over the next decade.

During the last five years, the NPS has built a strong foundation of improving parks, with more than 6,600 park improvements completed or underway. The Centennial Initiative funds are in addition to the nearly \$1 billion in the President's budget for National Park maintenance and construction programs. The proposed FY 2008 budget will further improve our national parks during the next decade leading up to the 2016 centennial celebration.

The 2008 budget and the National Parks Centennial Initiative emphasize three key goals:

- To engage all Americans in preserving our heritage, history and natural resources through philanthropy and partnerships, with a special emphasis on linking children to nature. An increase of \$100 million is proposed for these programs, plus another \$100 million in mandatory funds to match donations.
- To reconnect people with their parks through enhanced technology and the seamless network of the trails system. An increase of \$3.8 million is proposed for these programs.
- To build capacity for critical park operations to sustain these efforts over the next century. An increase of \$126.2 million is requested for these programs.

The Department will be submitting legislation that proposes the creation of the Centennial Challenge matching fund.

Each year, the NPS welcomes more than 270 million visitors as they discover America the beautiful, the historical, the cultural. Our national parks preserve majestic natural wonders. They keep watch over battlefields hallowed by red badges of courage. They keep culture alive at sites dedicated to the performing arts, poetry, and music. Parks offer recreation and discovery through spectacular backcountry hiking and climbing. They honor great leaders like Thomas Jefferson, Abraham Lincoln, Frederick Douglass, Chief Joseph, John Muir, Eleanor Roosevelt and Martin Luther King, Jr. As havens of enjoyment, recreation, learning and personal renewal, national parks must endure. Our budget sets the stage for a new century of park excellence.

#### HEALTHY LANDS INITIATIVE

Another priority for me is my Healthy Lands Initiative, which will ensure continued access to public lands for traditional uses and recreation, while maintaining strong environmental protections for wildlife and habitat.

As activities on public land increase, we are seeing growing conflicts among recreation users, energy developers, hunters, ranchers, and others all competing to protect, access, and use these public lands. BLM will join with the U.S. Geological Survey and the Fish and Wildlife Service to identify, restore, and mitigate the potential impacts of increased energy production in wildlife-energy interface areas and potentially prevent the listing of certain species such as sage grouse.

The potential listing of sage grouse as an endangered species could severely constrain public land use, particularly for current and future energy production. The habitat of the sage grouse covers over 100 million acres. Our Healthy Lands Initiative of \$22.0 million will implement a strategic vision to protect and restore sage grouse habitat, maintain migratory corridors for other species, and assure continued access to energy. These investments will support new land use planning techniques and new policy tools that will complement current activities and enable us to work with non-Federal partners to restore and conserve habitat and maintain access for energy and other uses.

Focused on six strategic areas, these funds will transform land management from the current parcel by parcel approach to landscape-scale decision making, drawing upon partnerships and new policy tools to help BLM provide increased access for energy and other uses, while simultaneously preserving important habitat corridors and sites for the benefit of species. In 2008, including this increase, over 400,000 acres will be restored in partnership with Federal leaseholders, private landowners, state, local, and tribal governments—to benefit wildlife. The Healthy Lands Initiative includes \$15.0 million for BLM to conduct landscape-scale conservation, \$2.0 million for FWS, and \$5.0 million for USGS.

#### THE METHAMPHETAMINE CRISIS IN INDIAN COUNTRY

I would like to highlight two other 2008 priorities, our Safe Indian Countries and Indian Education Initiatives. While I recognize that the Senate Indian Affairs Committee has jurisdiction over these matters, I also know many of you represent States and Tribes that are struggling with the impacts associated with methamphetamine.

Methamphetamine is a highly addictive synthetic stimulant that creates intense euphoric highs for periods up to 24 hours. It is inexpensive and, unfortunately, has

rapidly become the drug of choice for an increasing number of Americans. Organized drug cartels have targeted reservations to establish methamphetamine operations.

The President of the National Congress of American Indians has stated, "Meth is killing our children, affecting our cultures and ravaging our communities." Many tribal leaders have told us methamphetamine is destroying lives in Indian country. Some leaders believe that on their reservations a whole generation of young people may soon be lost to this one drug.

The social effects of methamphetamine use are tragic. Addicted mothers are giving birth to drug-addicted babies. The drug is fueling homicides, aggravated assaults, rape, child abuse, and other violent crimes. Violent crime in Indian Country is reaching crisis levels at twice the national average.

Our budget includes \$16 million for a Safe Indian Communities initiative that reconfigures and tailors our focus to combat organized crime, break up drug trafficking, and interrupt the drug supply.

#### IMPROVING INDIAN EDUCATION

Improving Indian education is also a priority. One of only two school systems operated by the Federal government, the Bureau of Indian Education should oversee schools that are models of performance for the No Child Left Behind Act. Yet only 30 percent of the schools in the Bureau of Indian Education system are meeting NCLB goals.

In recent years, we have improved school facilities by replacing 32 schools and renovating another 39 schools. It is now time to focus on the classroom. Our 2008 budget proposes to invest \$15.0 million to improve the performance of students in Indian schools. Additional funding will provide educational program enhancements and tools for lower performing schools and educational specialists to guide Indian schools in achieving academic success. The request also provides additional funding for transportation to reduce the redirection of education dollars to pay for buses and fuel.

#### SUPPORTING THE DEPARTMENT'S MISSION

The 2008 budget aligns resources to achieve these and other high-priority goals guided by the Department's integrated strategic plan. Recently revised for 2007–2012, the Department's strategic plan links the Department's diverse activities into four common mission areas: Resource Protection, Resource Use, Recreation, and Serving Communities. A fifth area, Management Excellence, provides the framework for improved business practices, processes, and tools and a highly skilled and trained workforce.

Using our strategic plan as the blueprint for improved performance and accountability, since 2001, the Department has:

- Increased access to meet the Nation's energy needs and enhanced energy security by more than doubling the approval of applications for permits to drill; provided greater opportunities for development of alternative energy, including wind energy; advanced oil shale and methane hydrates for potential future domestic use; and significantly expanded environmental protections with inspection and monitoring programs.
- Collected \$56.4 billion in revenues from offshore and onshore mineral leases that provided income for Indian communities, funded State infrastructure, and helped to finance Federal programs.
- Expanded relationships with partners to restore, improve, and protect three million acres of wetlands and other habitat for migratory birds, anadromous fish, and threatened and endangered species.
- Reduced risks to communities from the threat of fire, conducting over 6.7 million acres of fuels treatments through the President's Healthy Forests Initiative.
- Improved park facilities for visitors by undertaking more than 6,600 projects at national parks and earned a 95 percent satisfaction rate from park visitors.
- Completed condition assessments and performance measures for all park facilities and nearly all Interior facilities.
- Improved the educational environment for Indian children by funding 32 new Bureau of Indian Education replacement schools and 39 major school repair projects.

Looking to the future, the Department of the Interior is committed to achieving the goals of our four initiatives and other priorities. Our budget will:

- Prepare the national park system for another century of conservation, preservation and enjoyment through the President's National Park Centennial Initiative.

- Encourage increased donations for signature projects and programs in our national parks with up to \$100.0 million a year in matching funds through the National Parks Centennial Challenge.
- Increase energy security for the Nation through a new Outer Continental Shelf five-year plan (2007-2012).
- Launch a Healthy Lands Initiative to help meet the Nation's needs for access to public lands for energy and other uses while protecting wildlife and habitat in the West.
- Leverage Federal funds through partnerships and cooperative conservation to restore 800,000 acres and 734 stream/shoreline miles. These efforts will support the President's government-wide goal of increasing the Nation's wetlands by three million acres by 2009.
- Improve educational programs and meet the requirements of the No Child Left Behind Act by completing educational reforms in the Bureau of Indian Education.
- Help Indian Country reduce methamphetamine crime and the afflictions it has brought to many Tribes through a new Safe Indian Communities Initiative.
- Manage a network of parks, sanctuaries, reserves, and refuges to protect ocean and coastal resources as envisioned in the President's Ocean Action Plan.
- Implement the master agreement for the Arizona Settlements Act, paving the way for reallocating water from the Central Arizona Project to address the water needs of Indian and other communities.

#### BUDGET OVERVIEW

The 2008 budget request for current appropriations is \$10.7 billion. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional \$5.1 billion, for a total 2008 Interior Budget of \$15.8 billion.

The 2008 budget reflects the changes made in financing for the Abandoned Mine Land Reclamation Fund in the Office of Surface Mining that were required by the Surface Mining Control and Reclamation Act Amendments of 2006. Funding for State and tribal AML grants are no longer subject to appropriation and are funded as a mandatory appropriation. Federal AML components continue to be subject to appropriation.

The change results in a reduction of \$134.2 million in discretionary budget authority in 2008. After taking into account the AML shift of funding from discretionary to mandatory funding, the 2008 budget request reflects an increase of \$448.5 million, or 4.4 percent, over the 2007 continuing resolution; \$309.0 million, or 3.0 percent, over the 2007 President's budget; and \$119.7 million below the 2006 enacted level.

The 2008 request includes \$9.7 billion for programs funded within the Interior, Environment and Related Agencies Appropriations Act n increase of \$239.4 million above the 2007 continuing resolution and \$100.7 above the 2007 President's budget. After taking into account the AML shift of funding from discretionary to mandatory funding, the 2008 budget request is \$370.1 million above the 2007 continuing resolution and \$231.4 million above the 2007 President's budget.

The request for the Bureau of Reclamation and the Central Utah Project Completion Act, funded in the Energy and Water Development Appropriations Act, is \$1.0 billion. The request includes a net programmatic increase of \$78.5 million, or 8.5 percent, above the 2007 continuing resolution and \$77.6 million above the 2007 President's budget.

In 2008, Interior will continue an exemplary record of producing revenue for the Treasury. Estimated receipts collected by the Department in 2008 will be \$15.6 billion, a record level of collections that offsets Interior's discretionary budget by nearly 1.5 to one.

The 2008 budget assumes enactment of a number of proposals for which legislation will be transmitted to the Congress. These include the Centennial Challenge, as well as proposals to change the manner in which bonus bids for coal sales are received consistent with oil and gas programs, institute a net receipt sharing provision to return to a more equitable Federal-State distribution of onshore mineral revenues, and repeal of deep gas and deep water OCS incentives that were included in the Energy Policy Act of 2005. These and other new proposals are summarized at the end of this testimony.

The 2008 budget also contains proposals included in the 2007 President's budget for the Range Improvement Fund and the Federal Lands Transaction Facilitation Act. As in the 2007 President's budget, the 2008 budget proposes to repeal sections

of the Energy Policy Act of 2005, including energy permit processing and geothermal revenues and geothermal payments to counties.

The budget also proposes leasing in the 1002 area of the Alaska National Wildlife Refuge, which significantly increases anticipated revenues in 2009 and later years. These proposals, in conjunction with the revenue enhancements described above, will increase revenues by \$136.3 million in 2008 and a total of 5.0 billion through 2012.

#### MAINTAINING CORE PROGRAMS

Department of the Interior programs encompass 390 parks and 547 wildlife refuges; 261 million acres of multiple use public land; 12 regional offices, 83 Indian agencies locations, and 184 elementary and secondary schools in Indian Country; 472 dams and 348 reservoirs operated by the Bureau of Reclamation; and numerous laboratories, field research facilities, and other offices.

At each of these sites, the Department's 73,000 employees maintain facilities and resources and provide services to those who use or rely on them: park visitors, wildlife watchers and hunters, stockmen and miners, Tribes and individual Indians, farmers and electric power users. In my travels, Interior's managers have told me that funding for fixed costs is their highest priority need.

Pay and benefits for the Department's workforce are a significant cost component of Interior's core programs, comprising 58 percent of operating budgets. The proportion of Interior's budget committed to personnel costs places it among the top three Federal agencies. Only the Departments of Justice and Commerce have a higher proportion of salary and benefit costs to total budget. Maintaining this dedicated cadre of professionals is essential for the uninterrupted delivery of programs and services.

The Department's 2008 budget request includes \$214.2 million to fully fund increases for pay and other fixed costs. Of this amount, nearly 85 percent, or \$184.4 million, supports increases in employee compensation, including scheduled 2008 pay raises; two additional paid days; and projected increases in health benefits. The budget assumes a three percent pay raise in January 2008. The request also funds increases in workers' and unemployment compensation; rental payments for leased space; and centralized administrative and business systems, services and programs financed through the Working Capital Fund.

#### OTHER BUDGET PRIORITIES

In addition to the four key initiatives I have already highlighted, the budget includes the funding for key goals and objectives.

*Achieving Energy Security.*—In his State of the Union address, President Bush underscored that America must enhance energy security. The Department of the Interior plays a key role in advancing this goal. Nearly one-third of the energy produced in the United States each year comes from public lands and waters managed by Interior. To carry out the goals of the Energy Policy Act and enhance the availability of affordable oil, gas, and alternative energy sources, the 2008 budget for Interior programs includes \$481.3 million for energy programs, an increase of \$25.5 million over the 2007 continuing resolution. With these resources, the Department will enhance energy security through increased production, protect the environment, promote conservation, and expand the use of new technologies and renewable energy sources.

The BLM 2008 budget request for energy is \$142.9 million, an increase of \$6.0 million above 2007. Included in the BLM request is an increase of \$3.1 million for inspection and monitoring to ensure environmentally responsible energy development on public lands and proper reporting of production. The additional funds will provide BLM with the capacity to conduct an additional 1,572 inspections by 2009, with 522 additional inspections occurring in 2008. Also included is an increase of \$2.0 million for the Mining Law Administration program. This increase is expected to be fully offset by anticipated mining claim maintenance fees.

In 2008, BLM will implement fees for processing drilling permit applications to fully replace rental revenue currently available for processing oil and gas use authorizations, thereby maintaining BLM's capacity for timely permit processing. A legislative proposal will be transmitted to the Congress that proposes to repeal Section 365 of the Energy Policy Act. Section 365 redirected rental revenue deposits to the Treasury to fund BLM pilot offices. Estimated collections of permit processing fees in 2008 is \$21.0 million.

The MMS 2008 budget request for energy is \$290.8 million, \$16.7 million above 2007. The budget includes increases to facilitate OCS development and deepwater activities by implementing the 2007-2012 Five-Year OCS Oil and Gas Leasing pro-

gram and completing environmental analyses necessary for newly available areas where data are old and for future OCS lease sales.

The Gulf of Mexico Energy Security Act of 2006, signed into law on December 20, 2006, significantly enhances OCS oil and gas leasing activities and production potential in the Gulf of Mexico. The Act opens up 8.3 million acres in the GOM for leasing, including 5.8 million acres previously withdrawn under Congressional and Presidential moratoria. The Act also shares revenues with Gulf-producing States and with the Land and Water Conservation Fund, with the first distribution estimated to take place in 2009.

The budget assumes an increase in the royalty rate for new offshore Federal oil and gas leases. The Department will begin implementing the royalty rate increase in the upcoming 2007 lease sale in the Western GOM planning area (Sale 204) scheduled for August 2007. The new rate is expected to increase royalty revenues by \$4.5 billion over the next 20 years, and substantially more after that.

The President's National Energy Policy aims to improve America's energy security by increasing domestic production of fossil fuels, promoting increased energy conservation, and stimulating the development of alternative fuels. The coastal plain in the Arctic National Wildlife Refuge is the Nation's single greatest onshore prospect for future oil. The 2008 budget assumes enactment of legislation opening the Section 1002 area of the coastal plain in ANWR to energy exploration and development, with a first lease sale occurring in 2009 that would generate \$7.0 billion in bonus receipts. The budget estimates a total of \$8 billion in revenue would be generated through 2012. These receipts would be split 50:50 between the U.S. Treasury and the State of Alaska.

*Cooperative Conservation.*—Through partnerships, Interior works with landowners and others to achieve conservation goals across the Nation and to benefit America's national parks, wildlife refuges, and other public lands. The 2008 budget includes \$324.0 million for the Department's cooperative conservation programs, \$34.6 million over 2007. These programs leverage Federal funding, typically providing a non-Federal match of 50 percent or more. They provide a foundation for cooperative efforts to protect endangered and at-risk species; engage local communities, organizations, and citizens in conservation; foster innovation; and achieve conservation goals while maintaining working landscapes.

The 2008 cooperative conservation budget includes \$21.0 million of the Department's Healthy Lands Initiative. Also new to the suite of cooperative conservation programs highlighted in 2008 are the multi-agency Open Rivers Initiative and the National Fish Habitat Action Plan. These fisheries conservation programs will leverage \$16.2 million in Federal resources with State, Tribal, local, nonprofit and private groups to protect, enhance, and restore aquatic habitats. A program increase of \$6.0 million for the Open Rivers Initiative will allow FWS to enhance its fish passage program by eliminating an additional 190 obsolete stream barriers such as small dams and open an additional 1,300 stream miles. The 2008 budget includes an additional \$2.3 million to implement the National Fish Habitat Action Plan, which will leverage resources provided by State, tribal, local, private, nonprofit, and private groups to protect, enhance, and restore aquatic habitats.

The 2008 budget continues funding for high-priority cooperative conservation activities, including \$13.3 million for the FWS Coastal Program, \$69.5 million for State and Tribal Wildlife Grants, \$4.0 million for Neotropical Migratory Birds, and \$80.0 million for the Cooperative Endangered Species Conservation Fund. The 2008 budget request for the North American Wetlands Conservation Fund is \$42.6 million, an increase of \$6.0 million above 2007. Funding for the Partners for Fish and Wildlife program is \$48.4 million, a net increase of \$5.7 million over 2007. These programs provide an effective, cooperative approach to conservation and leverage Federal funds. In 2008, these programs will attract over \$274 million in non-Federal matches and restore over 800,000 acres of habitat for species at-risk and migratory birds.

In 2008, Interior does not request funding for the Landowner Incentive and Private Stewardship Grant programs, in order to concentrate conservation funding in a smaller number of high-performing programs. This results in a \$22.0 million reduction from the 2007 level. The conservation of at-risk species would benefit from shifting resources from these two programs to other programs that can demonstrate increased results, such as the Partners for Fish and Wildlife and North American Wetlands Conservation Act programs. The Landowner Incentive and Private Stewardship grant programs will continue to allocate and administer grants from funds appropriated in prior years.

*Water in the West.*—The Department, through the Bureau of Reclamation, is the largest supplier and manager of water in the 17 western States. The 2008 budget emphasizes Reclamation's core mission of delivering water and power. Reclamation

priorities include a focus on ensuring facility integrity and site security and resolving major western water challenges.

The budget includes \$1.0 million for a new loan guarantee program, a cost-effective strategy to address Reclamation's aging infrastructure and associated asset management issues. The loan program recognizes the obstacles facing water districts regarding securing funds for expensive rehabilitative repairs without being able to use Federal facilities as collateral to obtain financing. The budget also includes \$11.0 million for Water 2025 to enable Reclamation to help prevent water crises and conflict in the West. Water 2025 includes 50:50 challenge cost-share grants for on-the-ground improvements to existing facilities, implementation of water management tools, and system optimization reviews to identify system or basin wide improvements that will maximize efficiency. Legislation will be transmitted to Congress to seek authorization for the Water 2025 program.

The budget requests \$31.8 million for CALFED pursuant to the October 2004 authorization for this water management, ecosystem restoration, water quality, water supply, and flood protection program. This adaptive management program in California's Central Valley and the San Francisco Bay-Delta is addressing conflicts over water supply.

A total of \$77.0 million is requested for the Safety of Dams program, an increase of \$8.0 million from 2007 that is primarily for corrective actions at Folsom Dam. The request for the Central Valley Project is \$124.8 million, an increase of \$4.6 million over 2007. A total of \$27.2 million is requested for the Central Arizona Project, continuing the 2007 level. The budget includes \$58.0 million, continuing the 2007 level, for the Animas La Plata project to implement the Colorado Ute Settlement Act. The Klamath Basin project is funded at \$25.0 million and the Middle Rio Grande project is funded at \$23.2 million, both essentially at the 2007 level. The request funds rural water supply projects at \$55.0 million, \$13.7 million below the 2007 level. Funding is requested for the Mini Wiconi, Garrison, and Lewis and Clark projects.

Our budget includes \$35.5 million for site security of dams to ensure the safety and security of facilities. The 2008 budget assumes that, consistent with the practice for other operation and maintenance expenses, the operation and maintenance-related security costs for Reclamation facilities will be reimbursed by project beneficiaries.

*Refuge Operations and Species Protection.*—Targeted increases for the National Wildlife Refuge System and other FWS species conservation programs will focus new resources on conserving and restoring the habitat necessary to sustain endangered, threatened, and at-risk species and prevent additional species from being listed under the Endangered Species Act. A program increase of \$4.7 million for refuge wildlife and habitat management will allow the refuge system to increase the number of recovery plan actions completed in 2008 by 111; protect or restore an additional 57,983 acres; and fill three new positions to manage the new Northwestern Hawaii Marine National Monument. The 2008 budget also includes \$2.2 million in programmatic increases for the recovery of the gray wolf and the Yellowstone grizzly bear.

*Healthy Forests Initiative.*—The 2008 budget for the Healthy Forests Initiative, a total of \$307.3 million, supports the Department's efforts to reduce the threat of catastrophic wildfire and improve forest and rangeland health. The 2008 budget request funds the Hazardous Fuels Reduction program at \$202.8 million, an increase of \$3.0 million for fixed costs over the 2007 level. An additional \$1.8 million in the hazardous fuels program will be shifted from program support activities to on-the-ground fuel reduction to help treat high-priority acres.

*Wildland Fire Management.*—The 2008 budget proposes \$801.8 million to support fire preparedness, suppression, fuels reduction, and burned area rehabilitation. This amount represents a net increase of \$32.6 million above 2007, including an increase of \$37.4 million for suppression operations. This budget will fully fund the expected costs of fire suppression in 2008 at \$294.4 million, based on the ten-year average. The 2008 Preparedness program is funded at \$268.3 million, a net reduction of \$6.5 million from the 2007 level. A significant portion of this reduction will be achieved by eliminating management and support positions and lower-priority activities. The 2008 Wildland Fire Management program will realign its preparedness base resources to better support initial attack capability, which will include the addition of over 250 firefighters. These actions will help maintain initial attack success.

*Oceans Conservation.*—Interior bureaus conduct ocean and coastal conservation activities that significantly advance understanding of the processes and status of ocean and coastal resources. The 2008 President's budget includes \$929.5 million to support the President's Ocean Action Plan. This funding will allow Interior bureaus to continue their high-priority work within the U.S. Ocean Action Plan and includes

an increase of \$3.0 million for USGS. In 2008, USGS will begin to implement the Oceans Research Priorities Plan and Implementation Strategy by conducting observations, research, seafloor mapping, and forecast models. USGS will also begin to implement an interagency national water quality monitoring network. Also included is \$600,000 for three new positions to support management of the new Northwestern Hawaiian Islands Marine National Monument.

*Indian Trust.*—The 2008 request for Indian Trust programs is \$489.9 million, \$17.6 million above 2007. The Indian Land Consolidation program is funded at \$10.0 million, \$20.7 million below 2007. The 2008 budget also includes \$4.6 million in reductions to reflect efficiencies and improvements in services to beneficiaries, the completion of trust reform tasks, the completion of project task efforts, and management efficiencies. The budget includes a \$3.6 million increase for the Office of Historical Accounting to assist with the increased workload associated with additional tribal trust lawsuits.

The Office of the Special Trustee for American Indians is responsible for financial management of the funds held in trust for tribal and individual Indian beneficiaries. Currently, the sum of all positive Individual Indian Monies account balances is approximately \$6.0 million less than the sum of all financial assets currently invested by OST on behalf of the IIM beneficiaries. To address this imbalance the Department will transmit legislation to balance the accounts that would authorize up to \$6.0 million be made available to credit the investment pool.

*Payments in Lieu of Taxes.*—PILT payments are made to local governments in lieu of tax payments on Federal lands within their boundaries and to supplement other Federal land receipts shared with local governments. The 2008 budget proposes \$190.0 million for these payments. The 2008 request is a reduction of \$8 million from the 2007 level. This level of funding is significantly above the historical funding level for PILT. From the program's inception in 1977 through 2001, the program was funded in the range of \$96-\$134 million.

#### MANDATORY PROPOSALS

The 2008 budget assumes enactment of a number of legislative proposals. Some of these were discussed earlier, including the National Parks Centennial Challenge and Arctic National Wildlife Refuge.

The 2008 budget also contains proposals that were assumed in the 2007 President's budget. Included are proposals to discontinue mandatory appropriations from the Range Improvement Fund and amend the Federal Land Transaction Facilitation Act to update the public lands available for disposal, authorize the use of receipts for restoration projects, and change the distribution of revenue. As in 2007, the 2008 budget proposes repeal of authorizations provided in the Energy Policy Act of 2005. Repeal of Section 365 would redirect rental receipts to the General Fund and authorize BLM to promulgate regulations to phase in cost recovery for energy permits, repeal of Sections 224 and 234 would restore the historical formula for distribution of geothermal energy receipts.

In addition, the 2008 budget assumes enactment of proposals including the following:

*National Park Centennial Challenge.*—The President announced a proposal to provide up to \$100 million a year for ten years in mandatory funds to match private donations for signature projects and programs. These projects and programs will be identified in the Secretary's report to the President this May, after a number of public listening sessions and recommendations from park professionals. The costs for this proposal, contained in a legislative proposal transmitted to Congress, are offset within the President's 2008 budget.

*Coal Bonuses.*—The 2008 Interior budget assumes increased revenue from coal bonuses over the next five years by requiring the full payment of bonuses on all new coal leases at the time of lease sale, consistent with oil and gas leases. The Administration will propose legislation to amend the Mineral Leasing Act to require the payment of bonuses at the time of sale. The Act currently allows deferral of bonus payments for at least 50 percent of the total acreage offered for lease in any one year.

*MMS Net Receipt Sharing.*—A simplified net receipt-sharing provision is proposed in order to return to a more equitable Federal-State distribution of revenues by amending the Minerals Leasing Act. Currently, States receive an equal share of the revenues from Federal energy production without sharing in the administrative costs of permitting that production. Instead of attempting to allocate specific program costs on a State-by-State basis, the Department proposes a flat, two percent deduction from the State share of revenues, or one percent of total mineral revenues, prior to making individual State allocations.

*Deep Gas and Deep Water Incentives.*—Repeal of Sections 344 and 345 of the Energy Policy Act would eliminate incentives and royalty relief that are unwarranted in today's price environment. Section 344 extended deep gas incentives and Section 345 provided mandatory royalty relief for certain deep water oil and gas production.

*Pick-Sloan Missouri Basin Program.*—This proposal would re-allocate the repayment of capital costs of the Pick-Sloan Missouri Basin program. Power customers would be responsible for repayment of all construction investments from which they benefit, whereas to date they have only been responsible for a portion of the costs.

*San Joaquin River Restoration Fund Proposed Legislation.*—The 2008 budget reflects the settlement of NRDC v. Rodgers. The Administration will submit the San Joaquin River Restoration Settlement Act, which will include a provision to establish the San Joaquin River Restoration Fund. The legislation will propose to redirect approximately \$7.5 million per year of payments from the Central Valley Project Friant Division and \$9.8 million from the Reclamation Fund, which would be available without further appropriations to implement the provisions of the settlement.

#### CONCLUSION

I believe that our 2008 budget will—in its entirety—make a dramatic difference for the American people. We will better conserve our public lands. We will improve our national parks. We will protect our wildlife and its habitat. We will help craft a better future for Indian country and particularly for Indian children. And we will produce the energy that America needs to heat our homes and run our businesses. This concludes my overview of the 2008 budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.

The CHAIRMAN. Thank you very much. As I mentioned before some of the members came, we have a couple of votes scheduled at 10:30, I am told. Why don't we do 5-minute rounds, and we'll just get through as much of the questioning as we can before then, and then come back if there are still more questions.

Let me first ask about your National Parks Centennial Challenge or Initiative. My understanding is that the Park Service today raises about \$40 million annually in private cash donations from all sources, and about half of that comes from donations that are raised by the National Park Foundation. How do you expect to ramp that up to \$100 million a year for the next 10 years?

Secretary KEMPTHORNE. Mr. Chairman, our proposal is to make available up to \$100 million. Now, if for some reason we were able to raise \$40 million and that was the extent of it for a particular year, then there would be a match of \$40 million, so we need not achieve that \$100 million to trigger.

But significantly, Mr. Chairman, what we have found is a tremendous enthusiasm from the private sector, from the philanthropic community. As I traveled around the country, many of these friends of the parks, many corporations, and many of the foundations have said, "We are willing to step up and make significant contributions, if we will see that the government will do its part. If you will address operations, we're willing to be the margin of excellence. We just don't want to be the margin of survival."

So I believe that with this budget we have stepped up, and they have applauded what we're doing in operations. Then the response to this, the idea and the concept of a matching fund which the President has placed there, again has received great enthusiasm.

I'll give you a couple of examples. Of our 390 park units, at least 30 of them are the result of contributions, donations by families, private entities, the philanthropic communities; so there is a history. That's part of our legacy.

And then, Mr. Chairman, as we made this announcement, when I was with the President and the First Lady last week, for example, at Shenandoah National Park, a gentleman named Fred Andrea, who has formed a trust to help the Shenandoah Park—he did this on his own—but with this announcement he said, “Do you know what this does to now double the revenues that I can now generate?” This has added new impetus to his efforts in raising money in the private sector.

The Pew Foundation last week stepped forward and said, “With this challenge, we would like to now propose that we’ll put \$6 million on the table, if the Federal Government will match that with \$6 million, and we also believe that the State of Pennsylvania and four other entities will match that \$6 million.” So you can begin to see the synergy that comes from this.

Mr. Chairman, I would add also that when you consider one of the greatest efforts in fundraising for a national park—the Statue of Liberty—was extremely successful, but we do not want to overlook the fact that one of the most important aspects of that fundraising effort were the pennies from the children of America. So it will be from all walks of life, of individuals that will step forward, I believe, and want to utilize this resource. It doubles our efforts, at a very minimum.

The CHAIRMAN. All right. Thank you for that explanation.

Let me ask about the Indian water rights settlements that Senator Domenici referred to. We have three of them in our State that are pending, including the settlement of the Navajo water rights in the San Juan River Basin. I hear unfortunate messages from the administration that it will not be supportive of these settlements for a variety of reasons, particularly the San Juan settlement, and I guess I’m concerned that we have something of a double standard going on here.

In 2004 the President signed into law the Arizona water settlement that has a projected cost of \$2.2 billion over the next 40 years. You are well aware of the Snake River settlement that was signed into law. That has an estimated cost of \$193 million, \$130 million of which will be incurred in 7 years. We now have your budget, representing that the administration supports a settlement to restore a salmon fishery in the San Joaquin River in California. That’s estimated to cost \$650 million over the next 20 years. But as to our proposals in New Mexico, and particularly the Navajo settlement, we are told that the cost is too great and there are problems.

So I guess I would just ask: what assurance could you give us, that your department would work constructively with Senator Domenici and myself, to try to get these settlements funded and legislated in a way that gets the issues resolved?

Secretary KEMPTHORNE. Mr. Chairman, as you and I have discussed, and I’ve had similar discussions with Senator Domenici, I appreciate and understand the importance of these Indian water rights settlements. We have 19 cases that are before us.

I have formed, in the Department of the Interior, an Indian Water Rights Task Force. That task force has been to New Mexico, has met with both State officials and with tribal leaders on this discussion of these key water rights settlements that are within

your State. Prior to the holidays we made great efforts with members of your staff on talking about near-term and long-term resolution of this.

With all of these settlements that you referenced, first we had enacted legislation by Congress. Then the funding followed. On the Navajo project, for example, I know that there is—

The CHAIRMAN. Of course that's what we're trying to do here. We're trying to enact the legislation. We just want your support.

Secretary KEMPTHORNE. Correct, and I'm here to say that we're working with you, as a gesture of that support. With the Navajo, as you know, in, I believe it's going to be the end of March in 2007, we believe we'll have a draft EIS on the Navajo project. So we're continuing to make progress. We will stay actively involved and dedicated to this. We, too, would like to see a resolution.

The Arizona case which you referenced, the significance of that was that there were three settlements that were resolved. In the Nez Perce agreement, which Senator Craig is so very familiar with, again it settled some longstanding requirements on adjudication of water rights.

So I'm familiar with that. The leader of my task force on this is someone who has been very successful in Indian water rights settlements in the past. So, again, we remain committed to working with you.

The CHAIRMAN. Thank you very much.

Senator Domenici.

Senator DOMENICI. Senator Bingaman, I thank you for raising the issue. I won't say much more, except the Secretary should know that we have made a decision, the two of us, that we are going to proceed. We just can't sit by and let this go on forever. We have to establish the situation here in the Senate by introducing legislation, and similarly in the House, and end up seeing what happens to your responsibility to pay once we've got our work done.

I wanted to ask if you would check an issue for us. You know the 1998–1999 lease situation which everyone 3 or 4 months ago was talking about, as if these oil companies had actually taken advantage of the Government. It has finally settled into the reality that it's nothing of the sort. Actually those leases were issued without any royalty provision, and that was what the administration in office wanted. They decided that was the law and for them, that's what was going to happen, so we don't have any royalties there.

But I wanted to suggest to you that a number of the leases have been turned back without ever having produced any oil and gas. Is the \$10 billion projection that has been made regarding the leases still accurate? We are going to find some way to resolve this up here, I hope, and if you could have them check and see if that is still an accurate projection, that would be very helpful for us. Can you do that?

Secretary KEMPTHORNE. Yes. And, Senator Domenici, at a hearing this week the Assistant Secretary for Land and Minerals Management, Steve Allred, testified before a committee indicating that to date perhaps there was something like \$800 to \$900 million that did not go to the Treasury, and affirmed that he believed that there was possibly \$9 billion that still could go to the Treasury if we can correct these leases.

Senator DOMENICI. Yes. Well, I was there. Senator Craig is a member of that committee. That's the subcommittee on Interior, Appropriations, which was interesting.

Now let me go back and please ask you if you will look at the section of your budget which calls for repeal of a couple of provisions of the Energy Policy Act which we adopted, and I'd like you to take another look at this. I don't want to support a change in this which treats those who are seeking permits differently than other people seeking permits. We don't need to charge them an extra fee to set up this center because it's a savings.

The center saves money and produces more resource, and why we would want to come along and want to repeal that, when it's one of the most exciting concepts out there—I hope you'll look at it. There are five of them, and they're multipurpose, multiagency centers for permitting, and you all are repealing a portion of it to make the drilling companies pay more money, which seems to me to be really the wrong time and the wrong place.

Secretary KEMPTHORNE. Senator, I appreciate your comment, and I will acknowledge that those seven pilot projects which have been opened—which you are a prime instigator of—have been extremely successful.

Senator DOMENICI. They are successful.

My last observation has to do with the Indian people and the three or four things you have done in education and meth and others. We want to work with you, because clearly these are some deplorable situations, and what's occurring out there in terms of drugs and meth use by the young Indians is deplorable. There's not enough money now, and you're asking for more. We'll do what we can to support that money, and I'm sure everybody will. It might not even be enough. But we thank you, and we think that's a good, positive step.

Secretary KEMPTHORNE. Senator Domenici, I thank you, too. I know that you're a great friend of Indian country, someone that they respect, and this is a real crisis that we have to address.

Senator DOMENICI. Yes, sir.

The CHAIRMAN. Senator Salazar.

Senator SALAZAR. Thank you very much, Chairman Bingaman and Senator Domenici, and thank you, Secretary Kempthorne, for being here this morning and for your leadership of the Department of the Interior. I hope it's treating you well.

Secretary KEMPTHORNE. Thank you.

Senator SALAZAR. Let me say first, from a positive point of view, I fully endorse what you're doing here with the National Park Service and moving forward with the kind of vision that I think most of us on this committee would expect, and we very much appreciate that. I remember speaking with you about that during your confirmation process, and I'm delighted that you're moving forward with the initiative on the parks.

Secretary KEMPTHORNE. Thank you.

Senator SALAZAR. I have five questions, and they are criticisms, and I would hope that as you move forward that you reconsider your position and the position of the President on these five issues.

First, the elimination of the stateside Land and Water Conservation Fund program. You and I talked about that before your con-

firmation. This committee has pushed back on the administration's continued, repeated proposals to strip back the Land and Water Conservation Fund stateside program. I think it's wrong-headed, moving in the wrong direction, and it's something that we hope to restore, and we hope that we might be able to get your support as we try to restore that.

Second, the proposed 20 percent cut in Payment in Lieu of Taxes. You and I know, Governor Kempthorne, how important Payment in Lieu of Taxes is to our western counties, our western States. In my State alone, 52 counties depend on Payment in Lieu of Taxes. I have probably five or six counties that are almost 100 percent owned by the Federal Government, and yet the 20 percent cut which has been proposed here is going to have a significant negative impact on them, and so we will be pushing back on PILT as well.

Third, the \$10 million cut for the National Landscape Conservation System. This program is responsible in effect for about 26 million acres of land under your jurisdiction, and manages our national monuments, our national conservation areas, and a whole host of other important features of our public lands. I don't believe that a \$10 million cut in those programs is warranted today.

Fourth, the land sales for deficit reduction appear to continue to persist in this fiscal year 2008 budget. During your hearing in confirmation for this position, one of the things we talked about and one of the things that had a bipartisan push against the administration was the effort to sell off public lands as a deficit reduction tool. I think that's the wrong way to go, and it's something that I will oppose very strongly. I think we'll have a lot of bipartisan support to do that.

And, finally, the fifth question has to do with bark beetle infestation and wildfire suppression. We have huge problems in the West, in my State, in Colorado, and I see that there is a \$55 million cut from the 2006 levels with respect to wildfire suppression and bark beetle infestation.

So I have concerns in those five areas, and if you'll take a minute and just maybe respond to them, then it's something that we can continue to work on.

Secretary KEMPTHORNE. Mr. Chairman, Senator Salazar, thank you very much. And thank you, first of all, for acknowledging the efforts in the park centennial. I appreciate that. I know you are a great advocate for the parks.

On your first point about the stateside Land and Water Conservation Fund, I continue to be supportive of that program. I have seen as a Governor, I have seen as a mayor, that it has great use and benefit. I'm happy that in one of the programs which Senator Landrieu was part of, which is the Gulf of Mexico Security Act of 2006, that beginning in 2009 there will be a revenue stream to the stateside Land and Water Conservation Fund.

Senator SALAZAR. If I may, Secretary Kempthorne, we were all involved in putting together that deal in the Gulf Coast. And part of the reason that I supported it, in fact the central reason, was that we were creating this conservation royalty coming out of the lease sale 181 area.

But the reality of it is, when I look at the 2008 budget, here I have you and the administration saying that the stateside Land and Water Conservation Fund is not important, so you're zeroing it out. That's inconsistent with what you told me when we talked about the future of the Land and Water Conservation Fund during your confirmation process, and it seems to me inconsistent with what the needs are in 2008. We're leaving a gap there, and even when that revenue stream comes on board, for many years it's going to be inadequate to fulfill the vision of the Land and Water Conservation Fund.

Secretary KEMPTHORNE. And I appreciate your comments. It is a matter of priorities, and it's something for which I'll continue to research funding sources that would address that.

On the Payments in Lieu of Taxes program, I am very sensitive to that also. We have many counties that rely upon that. As you know, that the Payments in Lieu of Taxes program has had a variety of funding levels. As recently as 2000, PILT was funded at \$134 million, so this year's budget is \$198 million. I wish it were more. I will not tell you that it's not a very important program, and so again we will flag that.

The National Landscape Conservation System: again, I hear your comments. We will take that into consideration. I know that there were some efforts there. For example, last year I believe that there was a \$3 million plus-up, a one time plus-up, which is not reflected in this 2008 budget, and also some of the projects such as the commemoration of the Lewis and Clark project, which is now complete, are not there for funding. But again, we will flag this.

The land sales for deficit reduction: we did have that discussion, I would reaffirm. In fact, I went back and looked at the comments. I still believe as I did then. I don't agree with selling land for the purpose of deficit reduction.

I do believe that there are instances that, in being more efficient in land management, you can proceed with the sale of land that can make us more effective. It's one of the programs that I think perhaps Senator Wyden will be talking about.

The bark beetle infestation: again, being from Idaho, I understand the plight of the bark beetle to deal with that crisis, and we'll be—

Senator SALAZAR. I know my time is up here, but I want to work with you on these and other issues as we move forward. Thank you, Mr. Kempthorne.

Secretary KEMPTHORNE. Very good. Thank you very much.

The CHAIRMAN. Thank you. Let me just alert folks, I have now been told we have three votes at 10:30, not two.

Senator Craig.

Senator CRAIG. Thank you very much, Mr. Chairman. I'll move quickly.

I appreciate the dialog, Mr. Secretary, that you and I are having, and again, welcome to the committee. We appreciate your leadership, and Idaho appreciates your presence as our Secretary of Interior, and I thank you for that.

I could talk about Bureau of Reclamation, Healthy Lands Initiative, but let me stop and go to one. That's rangeland management. Although I do agree with the administration's effort at shifting con-

ervation dollars where they can be utilized most, I'm a little concerned that some of the most important programs have been left out, like the range improvement account.

You've just had a dialog on PILT. A \$142 million cut in PILT is a frustration. Ron Wyden and I are scrambling mightily right now to keep timber-dependent school districts alive that are potentially going to lose some money from the Craig-Wyden initiative, and to have a decline in PILT—and I understand the ups and downs of it—is going to be a frustration for all of us.

America has fallen in love with its public lands, but these very land-isolated, fee-based-tax counties are having to pick up the cost—as you know, Mr. Secretary—sometimes of the life flights and the emergencies that result from this love affair that's going on out there with our public lands, when people find themselves in trouble. Who picks up the bill? The local taxpayer. PILT offsets that. That's an important area for us to be involved in.

Last, I'm going to touch a subject that you can't talk about, because I know that your role as Governor in this issue disallows you for some time to discuss it. That's wolves in the great State of Idaho and in Montana and Wyoming. Yesterday a group of hunters in Idaho were out near Avery hunting cougar with their dogs. Legally, appropriately. They were attacked by a pack of wolves. One hunter nearly lost his life. Lynn Scarlett, hear me.

The day will come, if we don't get the wolf population in the intermountain West under control, when a human species will fall victim to the greatest predator on the western rangelands, in the western mountains of today. That's about to happen, tragically enough, because for a decade some of us have been talking very loudly about getting this issue under control. And that's a reality check that reminds me of it, when these kind of reports are coming in now on almost a weekly basis, of a confrontation with a pack of wolves by the human species.

So, having said that: questions. I've talked about the \$42.5 million loss in PILT. We're going to scramble with that, work with you to reinstate those dollars, but here's a question and my time is running out to ask you.

First of all, tell me how many miles of southwestern border does the Department of Interior control or have responsibility over? Then if you would, take me on a journey and take this committee on a journey of your most recent trip down there. We're investing very heavily in the border at this moment. We want to secure it. We want only legal transactions to move across that border. Somebody has just spoken about meth in Indian country, and the meth is coming out of the Mexican mafia, across our southwest borders, and the Department of Interior has a role to play there. Could you visit with us about that, Mr. Secretary?

Secretary KEMPTHORNE. Yes, Senator Craig. Thanks very much. The Department of the Interior has approximately 755 miles that are along the southern border. That's approximately 40 percent of the border between the United States and Mexico. We have wildlife refuges. We have national parks. We have significant land holdings. And there are five Native American tribes that also have land that is there.

I went there after the first of the year. I went there to see what I felt would be the primary issue, which was illegal immigration. What I came away with was a stark realization that what we're really dealing with are drug cartels and all of their activities that continue to smuggle, whether it's human lives or drugs, into the United States.

Many of these lands, for example, Organ Pipe National Park, have areas that we really do not allow citizens to go into because of concerns for safety. From our wildlife refuges to our national parks, anywhere from 30 percent to 50 percent of the budgets for those parks—

Senator CRAIG. You're suggesting that some of our national parks are now off limits to activity by citizens because of high risk?

Secretary KEMPTHORNE. Portions of them are. And we work very closely with the Border Patrol in the Department of Homeland Security. After I had made this visit, I came back and I met with Secretary Chertoff and with John Walters, who is in charge of the drug program for the President, because of my concerns. It needs to be a collaborative effort. It is a very challenging situation.

In Organ Pipe, for example, in 2002 a park ranger named Kris Eggle was shot and killed there. It is the one area where a park now has a vehicle barrier that is in place, and yet drug cartels have found a means by which they can somehow bring some mechanism to ramp over and deposit vehicles that then race through the desert across wilderness areas, across national parks, wildlife refuges, with no regard for human life, no regard for the wildlife that is there, the habitat, and it's a very serious situation.

Senator CRAIG. Thank you for sharing that with the committee. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Landrieu.

Senator LANDRIEU. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, for your testimony this morning and for living up to your commitment, fulfilling your commitment at your confirmation hearing to make one of your first visits south Louisiana and a tour of the offshore gas industry, which is so important to this Nation in a variety of different ways—not the least of which, the money it's generating is third only behind the IRS, the Customs Department—and is very significant to this Nation. So thank you very much for your visit and for your attention.

Thank you also for helping to pass the historic Gulf of Mexico Energy Security Act. With your help and many in your department, we were able to pass that historic piece of legislation. It establishes for the first time for the Gulf Coast States an opportunity for revenue-sharing somewhat on par—not exactly, but somewhat on par—with the interior States, to help form a really strong partnership between the Federal Government and the States to produce the energy this country needs and to maintain a good environmental balance, as well.

My question is: in that bill, as you are aware, there are some fairly complicated formulas that have to be developed by Minerals Management in order to establish the revenue streams with the four Gulf Coast States—Texas, Louisiana, Mississippi, and Alabama—and several of the coastal counties and parishes. What is

the timeframe for developing those revenues? Are you moving expeditiously to do that? And does the budget that we're looking at reflect the staffing and the financing that you need to get that done?

And the reason I ask—I'll let you answer—but the reason I ask is because I am in the process of meeting with investment banking firms to try to borrow against those anticipated revenues which now belong to the States, basically, so that we can get the work that we need underway without requiring additional Federal support. So this is very timely, it's very important, and if you could comment on that I would appreciate it.

Secretary KEMPTHORNE. Senator Landrieu, thank you very much, and thank you for your efforts on the act itself. MMS is working diligently on this. It is a priority. They need to develop the regulations. I cannot tell you what the timeframe would be, but I will tell you that I do not believe there will be any delay in the schedule of payments that would occur to those States.

Senator LANDRIEU. And I realize that, because we have time until those payments are coming, but do you think it would be a 6-month or a 12-month task? Have you been able to evaluate that with your staff and you could give us any—

Secretary KEMPTHORNE. Senator Landrieu, because of the importance of that question, I would prefer to confer with MMS and then get an accurate answer to you.

Senator LANDRIEU. OK, because we realize that it's going to be some time before the revenues actually flow, but if those formulas are set up and established, we could then borrow against those anticipated revenues and get some work done earlier as opposed to later, since it's so critical. But if you could get back to me, that would be terrific.

The other is, I'm concerned about the overall funding decrease for Minerals Management. We are all of us engaged in trying to recover the \$8 to \$10 billion that has been lost because of a faulty lease plan in 1998 and 1999. There are several different ways that various people are approaching that. But as I look at the MMS budget—which again brings in, from offshore last year it was \$7 billion and from onshore, \$1 billion so that's a total of \$8 billion to the Federal Treasury, this particular agency—as I said, other than the IRS and Customs, there's no agency that brings in more money to the Federal Treasury that I'm aware of.

So in light of the problems of Minerals Management, and in light of the fact that they generate so much money, it just doesn't seem that a \$2 million cut or any cut to that agency—we should be adding auditors, not removing auditors. Could you comment on the cut to Minerals Management?

Secretary KEMPTHORNE. Yes. Senator Landrieu, in 2008 the proposal, the OCS program level has in fact a slight net increase. To break it down further, \$4 million is there to fulfill MMS's environmental and oversight responsibilities under the 2007 to 2012 5-year OCS plan; \$1.3 million to acquire the required expertise and resources needed to facilitate OCS ultra deep water development; and \$820,000 to address well abandonment and pollution prevention and to keep pace. I will also just add that there is money there that is going to allow us to bring systems that are needed, much needed, online and operational.

Senator LANDRIEU. Mr. Chairman, I would only end with this comment. Again, MMS is a relatively small agency in the Federal Government that generates a substantial amount of money for the Federal Government. It doesn't seem to me that, particularly at this time where there are some serious questions about its operations, about its auditing capabilities and its expertise, that we should be cutting it. We should be expanding it, giving them the resources they need to reform, retool, and rebuild themselves, because with every step that they can rebuild, it may be actually more money to the Treasury, and last time I looked we could use it. So I'm going to be looking very carefully at Minerals Management's budget as we review and go into this year, and I look forward to getting that timeframe from you as well as more detail about the MMS reductions.

Secretary KEMPTHORNE. Mr. Chairman and Senator Landrieu, if I could just note that the MMS budget is a 2 percent increase, and it's a \$3.2 million increase.

Senator LANDRIEU. Well, my notes reflect a \$2 million cut in personnel, so let us reconcile that and we'll see.

Secretary KEMPTHORNE. All right. Very good.

The CHAIRMAN. Senator Wyden.

Senator WYDEN. Thank you, Mr. Chairman, and Mr. Secretary, always good to have a chance to work with you.

I want to go in the oil royalty issue as well. Chairman Bingaman, as you know, held the hearing earlier. It was clear to me that we weren't talking about a few innocent mistakes. We were told that it involved hundreds of leases. We've got auditors filing false claim suits to recover funds, and one Federal court has already agreed with them.

And my question deals with the royalty-in-kind program, which we were told now has officials under criminal investigation. Now, this is the program where oil and gas is accepted as a royalty payment rather than cash, and Minerals Management says that about 80 percent of the Gulf of Mexico oil and gas royalties by 2009 are going to come from this program, so this program is a big deal because it's the future. It's one thing to talk about the past, another thing to talk about the future.

Now, I'm very grateful to Chairman Bingaman. He's not here. He and I have gone in together on a letter to the Government Accountability Office because every time they look at the program, I guess they've looked at it twice, they can't find out from Minerals Management something resembling full and accurate data with respect to the costs, the total revenue, the savings, essentially the financial nuts and bolts of how that program works.

Why is it so hard, Mr. Secretary, to provide full and accurate data on this particular program?

Secretary KEMPTHORNE. Senator Wyden, you would think that it would not be. It is a government operation. It needs to operate under the accounting procedures, audit procedures, et cetera. And I would say that to the great extent, it is. I think there are tremendous professional people there that are very dedicated to this.

There have been those instances that come to light that are certainly noteworthy. The 1998-1999 situation where the price threshold was left out, we believe that it was a mistake, we all do. We

believe that it was not just some oversight. We don't know why it occurred. We don't think it was for a motivation that was anything, but just an error was made, but someone made that error.

You mentioned about the royalty-in-kind program. There is an ongoing investigation there, and we have taken some actions based upon a preliminary indication by the Inspector General. So when you ask about this, we will continue to work to make a determination of what changes need to be made, how best to make those changes, but the fact is that you do have a program of audits, of inspectors general. You referenced the auditors that went and filed their case with the courts. I've asked the Inspector General to examine that and to make a determination why they felt they needed to go that route. That would not have been the normal next step that they would take. So we continue to press for these answers.

Senator WYDEN. The only thing that I find very troubling, Mr. Secretary, is this is the big program going forward. In other words, we're not talking about the area that we've all been thrashing about now for some time, you know, the past leases. And I really do hope that the department will now make this an urgent priority, because this is where 80 percent of the royalty money is going to come in 2009.

When the GAO comes out with these reports saying that the agency cannot get its arm around the costs involved, and has done this twice now, in 2003 and 2004—Chairman Bingaman and I have asked them to look at it again, and I'm grateful to him for joining me in this inquiry. I'm telling you, I'm going to get to the bottom of this. It's the big program as it relates to oil royalties. The government auditors say we don't have the facts about it. I'm going to stay with it until we do.

Let me ask you one other question—I have just a few seconds—on the natural resources budget, the 18 percent cut to PILT. You've heard Senator Craig and I express our concern about the safety net for the rural counties. Have you all done any analysis about what's going to happen to public land counties if these cuts go into effect?

I think it's a very constructive initiative, the Cooperative Conservation Program, for example, and others like it. My reading is, without the safety net and with the cuts in PILT, these rural counties aren't going to be able to provide public services, law enforcement, you know, basic services, let alone be involved in anything with visitors. So my question is: have you all done an analysis of what public lands counties would look like if these cuts went into effect?

Secretary KEMPTHORNE. Senator Wyden, no, I don't know of an analysis that has been completed on that. I do know, again coming from a Western State, what it does mean to particular counties. I would hope, too, Senator, that part of a solution for some of those counties is to get into the position, particularly where we talk about the O&C counties in Oregon, of additional timber harvest so that there can be that additional revenue which used to be a mainstay. So again, we look forward to working with you.

Senator WYDEN. My time is up. We're going to work with you on that front, too.

Secretary KEMPTHORNE. Good.

Senator WYDEN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. I've been told that the vote has started, but we'll go ahead and have Senator Menendez ask his questions, and then we may be able to conclude this hearing. Go ahead.

Senator MENENDEZ. Thank you, Mr. Chairman.

Mr. Secretary, welcome. Let me start by saying how promising I think this national park centennial initiative is. I believe the national parks are the crown jewels of our national heritage, and I hope we can follow through on this commitment and reverse the decline in maintenance and operations funding that we've seen in recent years.

One of the parks that I have a great interest in is Ellis Island, particularly on the south side where a private, nonprofit organization has been raising money and doing a tremendous job of renovating the historic buildings there that were really in risk of being lost totally. I understand you've had a chance to visit the site. Is that the case?

Secretary KEMPTHORNE. Yes, Senator Menendez, I have, based on your comments during the confirmation, so I felt it was important to go see it and talk to these individuals.

Senator MENENDEZ. And I understand that you expressed the possibility that the site could be one of the signature sites in this process, this Centennial Challenge?

Secretary KEMPTHORNE. That's correct. No determinations, but I think it could certainly be a prime candidate.

Senator MENENDEZ. Well, I certainly hope so, Mr. Secretary. It was the portal for so many people who came to this country. It's rich in history. It's shared with two States. And I think it's an excellent example of how a public-private partnership can help restore one of America's truly great treasures.

I have some other questions about the Centennial Challenge that I'm going to submit for the record so that we won't eat up the time here, but I would love to see your responses to them.

One question I do want to find out is, are there going to be any safeguards to ensure that the money from the Challenge isn't used to bridge operating gaps or cover shortfalls in the regular maintenance budget? Can we be assured that the money raised from this Challenge will go toward enhancing and enticing the visitor experience?

Secretary KEMPTHORNE. Yes. Mr. Chairman and Senator Menendez, I appreciate the question. Yes, I will tell you that included in this budget also for 2008 is \$200 million for construction to deal with other programs that would not necessarily come under the Centennial Challenge—infrastructure, et cetera.

Also, when we had a meeting at Ellis Island with a group of private sector and philanthropic representatives, including those who have been great advocates for Ellis Island, I had with me the Inspector General, so that as we go through this process, I'd like him to be at the front end helping us to craft that and to have the transparency, so that it's not at the end with audits and reports.

Senator MENENDEZ. Well, we look forward to working with that.

One last thing. What I'm not happy about in the budget is the huge cuts to the Land and Water Conservational Fund and other land acquisition projects such as the Highlands Conservation Act. The department has been very supportive of this project in the

past, and we certainly appreciate that support, but there's no money in the 2008 budget for Highlands land acquisition. Here we have a very popular program with strong bipartisan support in all four States, and it's getting zeroed out in its second year.

So my question is, Mr. Secretary, now that the CR has passed, do you intend to fund the Highlands Act this year, seeing that it was in the President's budget and in the appropriations bill reported out of both chambers?

Secretary KEMPTHORNE. Yes, Senator Menendez, it is one of the projects that we're looking at. We're working with representatives of the Highlands project.

Senator MENENDEZ. OK. I've been around long enough to understand that's not a "yes", so let me just simply say that we hope that because it was in the President's budget and in the appropriation bills reported out of both chambers, and because there are four States and eight Senators who strongly support it, that we will see the department support it as well. Also that we're going to work with our colleagues from Pennsylvania, New York, and Connecticut, to change the budget as it exists right now, as a member of the Budget Committee and then on the floor. So we certainly hope that we don't impede the progress, by at least moving forward with that which we have under the CR.

Secretary KEMPTHORNE. Senator Menendez, if I could make a point. Though you are correct, it's not a "yes", I will tell you that there is active discussion. We are taking a cue from you about the importance of Ellis Island, the other half that has not been restored. That's why I wanted to physically go see it, walk through those buildings, see if we can identify further assets and individuals that might help us with that project. So while we don't have a "yes" on a couple of those, I will tell you that we're actively involved.

Senator MENENDEZ. Well, we intend to be actively involved with you.

Secretary KEMPTHORNE. Good.

Senator MENENDEZ. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Let me just raise one issue before we adjourn the hearing, Mr. Secretary. You emphasized in your opening statement the importance of trying to improve Indian education, and obviously that is a priority and needs to be. The way I read your budget figures, fiscal year 2006, if you take the amount that was spent on Indian education and add to it the amount spent on education construction in the BIA, you get \$853 million. In 2008, you add those same two numbers and you get \$800 million, so that's a 6.2 percent cut when you add the Indian education and the Indian education construction together.

Am I wrong about that? I mean, I know you're adding \$15 million on the operational side, and that's obviously encouraging, but when you put the two together, the functioning of the schools and the construction budgets for the schools, we have a 6.2 percent cut from 2006 to 2008. Am I right?

Secretary KEMPTHORNE. Senator Bingaman, if I may, I'd like to answer your question in detail by submitting it back to you.

The CHAIRMAN. That would be great.

Secretary KEMPTHORNE. But if I could make this point, for the past few years there's been significant progress on school construction, both new schools and rehabilitation. We really believe that we've reached a point that now we need to turn our attention to the classrooms themselves, so that we can benefit a much larger segment of Indian country rather than perhaps going to what would be the next school that would be rehabilitated. But instead, with 50,000 Indian children in the Indian schools, we really want to begin addressing that.

The CHAIRMAN. Well, I don't disagree with your desire to begin putting more emphasis on the classroom, but as far as I am informed, there are still great needs for Indian construction around the country. The fact that that might be the secondary priority doesn't mean it still isn't a priority. So, at any rate, if you could give me a written response on that I would appreciate it very much.

Secretary KEMPTHORNE. All right.

The CHAIRMAN. We're about to finish this vote, so I'd better adjourn the hearing. Thank you very much for being here. We appreciate it.

Secretary KEMPTHORNE. Thank you.

[Whereupon, at 10:41 a.m., the hearing was adjourned.]

APPENDIX  
RESPONSES TO ADDITIONAL QUESTIONS

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM  
SENATOR BINGAMAN

DEPARTMENTAL MANAGEMENT

*Question 1.* What is the current status of post-Katrina restoration work with respect to Departmental facilities and lands? Please provide a listing of status by facility or unit. Is there funding included in the Budget request for additional restoration work? If so, please specify amounts and anticipated uses.

Answer. The hurricanes of the 2005 season impacted the Department's refuges, parks, and facilities along the Gulf coast. The FWS had over 50 Service units and NPS had 13 parks affected by the hurricanes. The MMS Gulf of Mexico Regional Office was damaged and MMS implemented its continuity of operations plan to relocate operations to Houston, Texas to ensure that production in the Gulf of Mexico was re-established as soon as possible following each of the storms. The USGS lost coastal and stream gages throughout the impacted area.

The Department received \$283.3 million in supplemental funding, allowing the FWS, NPS, MMS and USGS to do immediate stabilization and repair of facilities in the Gulf coast region and to re-establish operations at affected facilities. The NPS also received \$43.0 million for Historic Preservation Grants to allow states to quickly assess damage to historic structures and provide grants to restore historic structures along the Gulf coast.

Bureaus are expeditiously obligating funds and, as of December 2006, the bureaus had obligated over \$100 million for repair and restoration of DOI lands and facilities. The funding provided has been used to conduct clean-up of hazardous materials and debris removal on public lands and repair and reconstruction of facilities at park units and national wildlife refuges. These actions were necessary to open roads and trails to the public, repair visitor centers and exhibits, and reconstruct water control structures and habitats that are important to migratory bird populations and other wildlife. The repair of levees on Interior lands is essential to provide flood control to communities and to provide habitat that is essential to support migratory birds and other wildlife. The MMS funding allowed for the repair and replacement of office equipment and furniture, additional lease costs, travel and per diem for employees who had to be temporarily relocated to Houston, and the restoration of geophysical and geological data. The USGS funding enabled the bureau to purchase 120 storm surge sensors for temporary deployment within potential hurricane landfall areas for documentation of storm surge.

Listed below are the Fish and Wildlife Service refuges and hatcheries affected by the hurricanes: Arthur R Marshall Loxahatchee NWR; Anahuac NWR; Bayou Sauvage NWR; Big Branch Marsh NWR; Black Bayou Lake NWR; Bogue Chitto NWR; Bon Secour NWR; Cahaba River NWR; Cameron Prairie NWR; Chattahoochee Forest NFH; Choctaw NWR; Coldwater NWR; Culebra NWR; Dahomey NWR; Delta NWR; Florida Panther NWR; Grand Bay NWR; Hillside NWR; Hobe Sound NWR; J.N. Ding Darling NWR; Key West NWR; Lacassine NWR; Lake Ophelia NWR; Lower Suwannee NWR; Mandalay NWR; Matthews Brake NWR; McFaddin NWR; Merritt Island NWR; Mississippi Sandhill Crane NWR; Morgan Brake NWR; Natchitoches NFH; National Key Deer Refuge; Noxubee NWR; Panther Swamp NWR; Pelican Island NWR; Private John Allen NFH; Red River NWR; Reelfoot NWR; Sabine NWR; St. Catherine's Creek NWR; St. Marks NWR; St. Vincent's NWR; Tallahatchie NWR; Ten Thousands Islands NWR; Tensas River NWR; Texas Point NWR; Trinity River NWR; Vieques NWR; Warm Springs RFC; Yazoo NWR.

Listed below are the National Park Service units affected by the hurricanes: Big Cypress National Preserve; Biscayne National Park; Canaveral National Seashore; Cape Hatteras National Seashore; Cape Lookout National Seashore; De Soto Na-

tional Memorial; Dry Tortugas National Park; Everglades National Park; Gulf Islands National Seashore; Jean Lafitte National Historical Park and Preserve; Natchez Trace Parkway; New Orleans Jazz National Historical Park; Vicksburg National Military Park.

The 2008 budget request includes \$820,000 for a MMS Gulf of Mexico hurricane recovery initiative to address well abandonment and pollution prevention. The MMS seeks the capability to not only address important outstanding issues from the devastation of recent hurricanes, but also to ensure the Gulf and other areas are as well prepared as possible for future events.

Additional detailed information on hurricane recovery can be provided upon request.

*Question 2.* What level of funding has been made available to the Department under each of the past fiscal years pursuant to the Coastal Wetlands Planning, Protection, and Restoration Act? How much is anticipated to be received by the Department during fiscal year 2008 under this authority? Please provide a description of how funding is distributed under this program, how projects are selected, the level of state and local input in selecting the projects, and how the activities under this program are coordinated with post-Katrina restoration and reconstruction work. How would additional funding be used by the agencies?

Answer. FWS administers two of the three grant programs that receive funding through the Coastal Wetlands Planning, Protection, and Restoration Act. For FWS, this includes the National Coastal Wetlands Conservation Grant Program and the North American Wetlands Conservation Grant Program, which each receive 15 percent of the funds provided by CWPPRA through the Sport Fish Restoration and Boating Trust Fund (formerly known as the Aquatic Resources Trust Fund). The latter program also receives funding from other sources. The remaining 70 percent of the CWPPRA funds are targeted for planning and implementing wetlands restoration projects in coastal Louisiana, and are managed by five federal agencies and the State of Louisiana. The U.S. Army Corps of Engineers administers accounting of the program and tracks project status.

	FY 2005	FY 2006	FY 2007	FY 2008
Coastal Wetlands Conservation Grant Program .....	\$12,440,000	\$13,513,000	\$16,372,000	\$17,321,000
North American Wetlands Conservation Grant Program .....	12,440,000	13,513,000	16,372,000	17,321,000

Monies from the National Coastal Wetlands Conservation Grant Program are distributed competitively through a matching grants program, which funds up to 75 percent of the total project costs for the acquisition, restoration, management or enhancement of coastal wetlands. Insular territories and Commonwealths are not required to provide matching funds, except for Puerto Rico, and grants awarded may not exceed \$1 million for any project. In addition to the insular territories and commonwealths of the United States, states bordering the Atlantic and Pacific Oceans, the Gulf of Mexico (except Louisiana), and the Great Lakes are eligible to apply for grants.

Under the National Coastal Wetlands Conservation Grant Program, FWS reviews, ranks, and selects projects based on ranking criteria contained in 50 C.F.R. 84. Under the Act, projects are to be given priority if they are consistent with criteria and considerations outlined in the National Wetlands Priority Conservation Plan; located in states with dedicated funding for programs to acquire coastal wetlands, natural areas, and open spaces; or located in maritime forests on coastal barriers. Other priority ranking factors include projects that give benefits to threatened or endangered species; encourage cooperative efforts; or benefit other ongoing projects.

Under the North American Wetlands Conservation Grant Program, FWS provides matching grants to States for acquisition, restoration, management, and enhancement of coastal wetlands. Grants are awarded annually through a nationwide competitive process. The program supports public-private partnerships to carry out projects that involve long-term protection, restoration, or enhancement of wetlands and associated uplands habitats. Projects are selected by consensus of two boards: the North American Wetlands Conservation Council, made up of representatives from federal and state government and private conservation organizations, and the Migratory Bird Conservation Commission.

Because these are nation-wide grant programs, they are not specifically coordinated with post-Katrina restoration and reconstruction, although FWS does provide technical assistance to partners who wish to submit grant applications.

*Question 3.* What level of funding is included in the budget request to implement the appeals/hearings requirement for the hydropower licensing provisions of the Energy Policy Act of 2005? How many such appeals have been initiated to date? How many appeals have been resolved? Please provide a listing of all such appeals and a description of the outcome (settled, including whether conditions were modified; Departmental condition upheld; or other condition adopted).

*Answer.* The FY 2008 budget request includes \$400,000 in funding for DOI's Office of Hearing and Appeals to hire an additional Administrative Law Judge and cover associated costs for hearings under section 241 of the Energy Policy Act of 2005.

DOI has received filings for appeals under the Energy Policy Act process in 10 cases, but only 2 have progressed to full trial-type hearings. At this time, four of these cases are still at some stage in the appeals system, four have been resolved through settlement, one case was determined not to be eligible for a hearing under the Energy Policy Act (Box Canyon) and one case is stayed pending further FERC proceedings on a surrender application based on dam removal settlement (Condit).

A listing of the four cases that were resolved, with a summary of the outcome, follows. All of these cases were resolved through settlement.

- *Hells Canyon.*—DOI modified conditions consistent with settlement.
- *Merrimack.*—DOI modified conditions consistent with settlement.
- *Rocky Reach.*—DOI modified conditions consistent with settlement.
- *Priest Rapids.*—DOI modified prescription consistent with settlement.

*Question 4.* What Solicitor's Opinions are currently under review? What Solicitor's Opinions do you expect to review during the remainder of FY07 and in FY08? Please provide a list.

*Answer.* There are no existing opinions under review and the Solicitor's Office has no plans at this time to review any other particular Solicitor's Opinions. If asked to review a particular opinion by the Secretary or the Secretary's subordinate officers, or if legal matters arise which necessitate Office of the Solicitor review of previous Solicitor's Opinions, they will be evaluated on a case-by-case basis. Changes in statute or new court decisions could theoretically lead to examination of existing opinions.

#### MINERALS MANAGEMENT SERVICE

*Question 5.* Has the Office of the Solicitor sought the advice of the Department of Justice on whether there is a legal basis for seeking to reform the 1998 and 1999 OCS leases that omitted the price thresholds under the Outer Continental Shelf Deep Water Royalty Relief Act of 1995? Has the Solicitor's Office conferred with the Justice Department on whether to pursue a mistake theory or other legal theory for recovering the forgone royalties?

*Answer.* The Office of the Solicitor has conferred with the Department of Justice on a variety of legal theories and potential remedies, including reformation, and continues to confer regarding these leases.

*Question 6.* What is the status of the Kerr-McGee (Anadarko) litigation relating to the Outer Continental Shelf Deep Water Royalty Relief Act?

*Answer.* On March 1, 2007, the parties filed a joint status report notifying the United States District Court for the Western District of Louisiana that mediation efforts did not result in settlement of the issue. Pursuant to the schedule prescribed in the Court's order of December 4, 2006, the administrative record is due on April 19, 2007. Briefing on the parties cross motions for summary judgment is scheduled to be completed by August 9, 2007.

*Question 7.* The Energy Policy Act of 2005 contains a provision providing royalty incentives for natural gas production from deep wells in shallow waters of the OCS. The Department also extended such relief administratively prior to enactment of that provision. Please provide a list of the price thresholds that have applied under the administrative and legislative royalty relief provisions for deep gas produced in shallow water. What is the justification for the level of the price thresholds? Have these price thresholds ever been triggered?

*Answer.* Price thresholds applicable to royalty relief for production from deep gas wells (well depths greater than 15,000 feet) in shallow waters of the Central and Western Gulf of Mexico (water up to 200 meters deep) vary depending on whether the incentive is provided for new leases in OCS oil and gas lease sales (since March 2001) or as a result of MMS rulemaking which provided for a deep gas drilling in-

centive on existing leases issued prior to 2001. The applicable thresholds also are revised each year as they are subject to annual inflation adjustments.

Below is a list of price thresholds as originally applied and as adjusted for inflation. The MMS website also provides a complete table of inflation adjusted price thresholds and average actual prices for natural gas each year: <http://www.mms.gov/econ/DWRRAPrice1.htm#Shallow%20Water,%20Deep%20Natural%20Gas>.

#### PRICE THRESHOLDS FOR SHALLOW WATER DEEP GAS

	Price Thresholds (Original)	2006 Price Thresholds (adjusted for infla- tion)
Sale: March 2001 .....	\$3.50	\$4.00
Sales: 2001 to 2003 .....	5.00	5.72
Sales: 2004 to 2006* .....	9.34	9.88
Pre-2001 leases: Rulemaking (30 CFR 203)* .....	9.34	9.88

\* Incentive includes sunset provision: production from deep wells must begin by May 2009.

In the original Deep Water Royalty Relief Act (DWRRA), Congress chose an oil price threshold (\$28/barrel in 1994 dollars; equivalent to \$3.50 per million BTU for natural gas), which was about 50% above the existing and expected oil price level in the mid-1990's. MMS initially lowered the oil and gas price thresholds for both deep gas and deepwater royalty relief in the first sale after the DWRRA mandates expired in 2000. In an effort to spur additional production as supplies tightened over recent years, MMS increased price thresholds applicable to new leases. The even higher gas price threshold adopted in 2004 for deep gas reflected the extended period of both higher and more volatile gas prices; although the price threshold was substantially higher than for other royalty relief programs, this specific incentive had a 2009 sunset date in order to maximize the incentive for near-term production.

For leases sold in the March 2001 lease sale for which the lessees did not opt to switch to the new terms announced in 2004 rulemaking, price thresholds have been triggered every year except in 2002. For leases sold between August 2001 and 2003 for which the lessees did not opt to switch, price thresholds have been triggered every year starting in 2003. The thresholds have not yet been triggered on leases sold since 2004 (or on leases sold between 2001 and 2003 where the lessee opted to switch to the new terms) and for pre-2001 leases that qualify for deep gas relief under MMS rulemaking.

The Administration did not support the new mandatory royalty relief established in the Energy Policy Act of 2005 and has recently indicated support for the repeal of these specific incentives. Although MMS has not made a decision on the specific price threshold(s) to be included in a new rulemaking implementing the Energy Policy Act provisions, MMS continues to assess the effectiveness of existing royalty incentives, and will take this new information into account in determining the appropriate price threshold(s) to apply to future royalty relief incentives, including those provided by the Energy Policy Act.

#### OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

*Question 8.* The Surface Mining Control and Reclamation Act Amendments of 2006 extended the abandoned mine land (AML) fee collection authority through 2021 at a reduced level. Please provide a chart showing the annual projected fee collections through 2021 under the new law as compared to the annual projected fee collections assuming that the fee had not been changed.

Answer.

Fiscal Year	Estimated Collections*	
	If the Law Had Not Changed	Under the New Law
2008 .....	300.2	270.1
2009 .....	305.2	274.6
2010 .....	313.3	281.9
2011 .....	317.9	286.1
2012 .....	320.6	288.5

Fiscal Year	Estimated Collections*	
	If the Law Had Not Changed	Under the New Law
2013 .....	323.8	259.1
2014 .....	327.2	261.7
2015 .....	332	265.6
2016 .....	336.3	269
2017 .....	342.4	273.9
2018 .....	346.1	276.9
2019 .....	351.4	281.1
2020 .....	356	284.8
2021 .....	358.7	287

\*The estimated collections use DOE projections through 2021 to make initial assessments under the new law. Because the new law was passed subsequent to development of the green book, the figures may differ.

*Question 9.* The Surface Mining Control and Reclamation Act Amendments of 2006 provide for the repayment of unappropriated state and tribal share balances over seven years. Please provide a chart showing the expected annual payments of unappropriated balances to each state and tribe under these provisions.

Answer.

EXPECTED ANNUAL DISTRIBUTION\* OF AML UNAPPROPRIATED STATE AND TRIBAL SHARE BALANCES UNDER THE SMCRA AMENDMENTS OF 2006

[In Millions of Dollars]

State/Tribe	Estimated Total Unappropriated State/Tribal Share Balance as of 9/30/07	Expected Annual Distribution For 7 Years FY 2008–14
Alabama .....	\$19.8	\$2.8
Alaska .....	2.2	0.3
Arkansas .....	0.1	0.0
Colorado .....	28.9	4.1
Illinois .....	30.4	4.3
Indiana .....	44.6	6.4
Iowa .....	0	0
Kansas .....	0.4	0.1
Kentucky .....	133.3	19.0
Louisiana .....	1.6	0.2
Maryland .....	4.4	0.6
Missouri .....	1.1	0.2
Montana .....	51.6	7.4
New Mexico .....	20.4	2.9
North Dakota .....	13.5	1.9
Ohio .....	25.7	3.7
Oklahoma .....	2.3	0.3
Pennsylvania .....	61.9	8.8
Texas .....	21.7	3.1
Utah .....	16.1	2.3
Virginia .....	29.0	4.1
West Virginia .....	145.3	20.8
Wyoming .....	518.3	74.0
Crow Tribe .....	8.8	1.3
Hopi Tribe .....	8.0	1.1
Navajo Nation .....	32.1	4.6
Totals .....	1,221.5	174.5
Seven years .....	.....	1,221.5

\*This distribution is in lieu payments from Treasury.

*Question 10.* What level of funding would be needed to undertake a comprehensive inventory of abandoned hardrock mine sites?

Answer. Conducting such an inventory is beyond our current authority. Moreover, there are many states with an extensive history of hard rock mining, such as Idaho and Nevada, that have never been included in our AML program. Therefore, we are unable to provide an estimate of the funds that would be needed for such an inventory.

*Question 11.* Please describe what steps OSM takes under SMCRA and other legal authorities to regulate so-called mountaintop removal.

Answer. "Mountaintop removal" mining was authorized by Congress in the Surface Mining, Reclamation and Control Act, section 515(c). State laws and rules require careful planning of mountaintop removal mining. Permit applications are thoroughly reviewed to ensure that mining and reclamation minimizes adverse impacts on environmental resources, adjacent property, and public health and safety. Mining operations also must meet requirements of the Clean Water, Endangered Species, Clean Air, and National Historic Preservation Acts as well as many other local, state, and federal mining health, safety, and land use statutes and rules. States conduct monthly inspections to make sure mining plans are followed. Violations are cited. Reclamation is guaranteed by a substantial performance bond. OSM conducts oversight of state programs to assure compliance and seek efficiencies and process improvements.

BUREAU OF LAND MANAGEMENT

*Question 12a.* Section 365 of the Energy Policy Act provides mandatory funding from lease rentals for the pilot project to improve Federal oil and gas permit coordination. However, the Budget apparently proposes to replace this mandatory funding with a new user fee. I have several questions about BLM's implementation of this program.

How much of the funding under the program has been used to pay for positions in BLM? Of these, how many positions have been dedicated to inspection and enforcement? Please provide a listing of new positions funded by office and job function. Please describe the positions you anticipate funding in FY 2008.

Answer. In FY 2006, BLM authorized a total of 125 new positions, and total costs to BLM, including associated support services and contract labor, were \$13,175,000. BLM has approved 162 total positions for FY 2007. No additional positions have been authorized for FY 2008 at this time. Thirty-three positions were dedicated full time to inspection and enforcement in FY 2006, with an increase to a total of fifty inspection and enforcement positions for FY 2007. The Pilot Office inspection and enforcement positions authorized for FY 2006 and FY 2007 are listed below, by office and job function.

Office	Job Function
Glenwood Springs, CO:	
FY 2006 .....	3 Petroleum Engineering Technicians, 1 Production Accountability Technician
FY 2007 .....	1 Petroleum Engineering Technician
Miles City, MT:	
FY 2006 .....	2 Petroleum Engineering Technicians, 1 Natural Resource Specialist
Farmington, NM:	
FY 2006 .....	4 Petroleum Engineering Technicians, 2 Production Accountability Technicians
Carlsbad, NM:	
FY 2006 .....	4 Petroleum Engineering Technicians, 2 Production Accountability Technicians
FY 2007 .....	4 Petroleum Engineering Technicians, 2 Environmental Protection Specialists
Vernal, UT:	
FY 2006 .....	3 Petroleum Engineering Technicians, 1 Production Accountability Technician
FY 2007 .....	4 Petroleum Engineering Technicians
Buffalo, WY:	
FY 2006 .....	2 Petroleum Engineering Technicians, 1 Production Accountability Technician, 2 Surface Compliance Technicians

Office	Job Function
FY 2007 .....	3 Surface Compliance Technicians, 1 Natural Resource Specialist
Rawlins, WY:	
FY 2006 .....	3 Petroleum Engineering Technicians, 1 Production Accountability Technician, 1 Surface Compliance Technician
FY 2007 .....	2 Petroleum Engineering Technicians

*Question 12b.* I understand that lack of resources in other agencies having a role in permitting has been a problem in the past. How many positions have been paid for in the Fish and Wildlife Service with these new funds? The Forest Service? Please provide a listing of new positions funded by office and job function. Please describe the positions you anticipate funding in FY 2008.

Answer. The BLM, working with the Fish and Wildlife Service and the Forest Service, has allocated funding for 10 positions and 6 positions, respectively. Additional positions for the Fish and Wildlife Service in Fiscal Year 2006 include wildlife biologists serving each of the seven Pilot Offices plus positions in Cheyenne, WY; Denver, CO; and Albuquerque, NM. Forest Service positions include natural resource specialists (liaison) positions in Farmington, NM; Vernal, UT; Buffalo, WY; and a natural resource specialist, a wildlife biologist and civil engineering technician in Glenwood Springs, CO. At this time, no additional positions for either the Fish and Wildlife Service or the Forest Service have been identified for Fiscal Years 2007 or 2008. However, the BLM currently is discussing potential additional needs with all the Federal and State partner agencies and will allocate planned funding as appropriate to best manage the overall APD workload of the agencies.

*Question 13.* What assumptions does the FY 2008 budget make with respect to leasing in the Arctic National Wildlife Refuge? Please provide the specific information and data supporting the assumptions contained in the budget with respect to revenues. What assumptions does the budget make regarding: (1) the price of oil; (2) the timing of production; and (3) the magnitude and location of oil production? What assumptions does the budget make regarding bonus bids and what is the basis for each assumption? Did you look at comparable lease sales? If so, please provide the specific information as to the location, timing, resource estimates, and bonus bids for each comparable sale. What infrastructure do you assume will be necessary for production from the Arctic Refuge? How many miles of pipeline within the Refuge will be required, given your assumptions regarding the magnitude and location of production?

Answer. The estimate in the Budget was made by 1) analyzing geology and geophysical information to determine geology parameters; 2) conducting an engineering analysis of the exploration, development, production, and reclamation phases for the potential range of sources; and 3) running an economic analysis of 1) and 2) under projected market conditions.

The most recent USGS estimates state that:

- There is a 95 percent probability that at least 5.7 billion barrels of technically recoverable undiscovered oil are in the Alaska National Wildlife Refuge (ANWR) coastal plain,
- There is a 5 percent probability that at least 16 billion barrels of technically recoverable undiscovered oil are in the ANWR coastal plain, and
- The mean or expected value is 10.36 billion barrels of technically recoverable undiscovered oil in the ANWR coastal plain.

The primary area of the coastal plain is the 1002 Area of ANWR, which was established when ANWR was created. Also included in the Coastal Plain are State lands to the 3-mile offshore limit and Native Inupiat land near the village of Kaktovik.

The unique combination of source rocks and reservoir traps is similar to the geologic combination of events that caused the productive reservoirs to the west, including the Prudhoe Bay Field. Therefore, similar results are anticipated. However, the geologic interpretation has changed since BLM estimated ANWR leasing revenues in 1992. At that time most of the oil was expected in several large structures. Now USGS expects that these structures are more likely gas and that most of the oil will be found in stratigraphic traps over a large area. The uncertainty of the location of these traps is an added risk that affects the bidding of the oil companies. We have been able to model the impact on bidding using comparable sales from NPRA

and price expectations from the Department of Energy's Energy Information Administration's (DOE/EIA) Annual Energy Outlook.

We estimate that first production will not occur until after at least 10 years from Congressional approval to open ANWR to leasing. This includes all regulatory actions necessary to conduct the first sale, exploration sufficient to proceed with development, and the concurrent field development, facilities construction, and pipeline design, approval, and construction. Thus production will not occur until after 2017.

DOE/EIA has published the Reference Case for the AEO 2006. They also provided BLM with sufficient information to conduct the revenue estimate analysis with price scenarios consistent with the high and low oil prices in the thus far unpublished cases from the AEO 2006.

#### *Assumptions*

The estimate of receipts and funding requirements is based on the following assumptions:

- Legislation authorizing ANWR development would be enacted in time to allow a sale in FY2009.
- Regulations would be completed in FY2008.
- The Final Legislative EIS on the 1002 area dated April 1987 would satisfy the requirements of NEPA with respect to pre-lease activities.
- The EIS and related planning document would be final in FY2008 with sufficient time for the sale in FY2009 (18 months after enactment).
- The BLM would serve as lead for the EIS in active consultation and cooperation with FWS. BLM would have responsibility for the sub-surface minerals resource input and analysis with assistance from USGS.
- Two lease sales would be conducted before October 1, 2011.
- The estimates for bonus bids are based on expected values given the best information we have on geologic probability curves and risks, as well as probability functions for costs and prices.
- The geologic inputs were based on the joint analysis by staff experts of the USGS and BLM regarding oil potential and probabilities using the most recent USGS estimates of the oil and gas resources of the 1002 area of ANWR (Arctic National Wildlife Refuge, 1002 Area, Petroleum Assessment, 1998, Including Economic Analysis U.S. Geol. Open File Report 98-34, 1999) and the various updates including Undiscovered oil resources in the Federal portion of the 1002 area of the Arctic National Wildlife Refuge: an economic update U.S. Geol. Survey Report 2005-1217.
- Economic inputs regarding oil pricing were based on the EIA 2006 Annual Energy Outlook.
- Production will not occur until at least the tenth year after the first lease sale. Does not include production or revenues from State or Native lands.
- The top tracts will go first so that the best prospects are sold in the first sale, and most of the remainder in the second.
- Final adjustments were made based on bidding patterns in nearby north slope oil and gas lease sales.

The model assumes a 50/50 split of revenues with the State of Alaska, a royalty rate of 12.5%, and that almost all tracts would be available for nomination in each sale. The model used for the analysis was a Monte Carlo Discounted Cash Flow model. With these considerations, the model results in total bonus bid estimates of \$7.0 billion for a 2009 lease sale, and \$1.0 billion from a second lease sale in 2011, for a total of \$8.0 billion. There are 35 mapped structural prospects. Each prospect is run 1,000 times in the Monte Carlo model, with the condition that hydrocarbons exist, considering a number of differing factors. Similarly, the same is done for the one large stratigraphic play that covers approximately the northwestern third of the 1002 area. As a result, the specific infrastructure and transportation assumptions change thousands of times based on the running of the model.

*Question 14a.* What is the total amount of funding for the oil and gas I&E program included in the request for FY08? Please provide a table showing the funding for this program (both requested and enacted) for the previous 10 fiscal years.

Answer.

## BLM INSPECTION AND ENFORCEMENT FUNDING

[In Thousands of Dollars]

Fiscal Year	Request	Enacted
1997 .....	\$14,850	\$14,850
1998 .....	14,850	14,850
1999 .....	14,850	14,850
2000 .....	15,365	15,365
2001 .....	20,042	20,042
2002 .....	22,673	22,673
2003 .....	24,000	24,000
2004 .....	26,000	26,000
2005 .....	26,250	26,250
2006 .....	27,890	27,890
2007 .....	33,054	33,054
2008 .....	35,554	

*Question 14b.* I had requested funding for additional inspectors in the Farmington Field office. How many additional inspectors have been added to this office in each of the past three fiscal years?

Answer. In FY 2005, no additional I&E staff were hired. In FY 2006, the Farmington Field Office hired an additional four I&E inspectors. To date, in FY 2007, no new FTE's have been hired.

*Question 14c.* Are you planning to hire additional inspectors in offices where the workload is increasing due to coalbed methane production? Please provide specifics.

Answer. The President's 2008 Budget includes an increase of \$2.5 million for fluid mineral inspections and enforcement reviews and will result in an additional 510 inspections in 2008 and an additional 1,050 inspections in 2009. It takes one full year to certify new inspectors. Taking into account an increase in industry activity, including any increases in coal-bed methane production, we expect the completion rate of required inspections to reach 84 percent in 2008.

*Question 15.* What is the total amount of requested funding for oil and gas NEPA compliance for FY08? Please provide a table showing the funding for NEPA compliance (both requested and enacted) for the previous 10 years.

Answer. The BLM's FY 2008 Budget Request does not specify a funding amount for NEPA compliance within the Oil and Gas Management program because the costs of NEPA compliance are not individually tracked within the BLM's oil and gas financial management system. Rather, those costs are aggregated across various portions of the BLM's oil and gas budget, such as APD processing, processing of sundry notices, and inspection and enforcement. Nevertheless, NEPA compliance costs have increased as the number of leases and permits processed have increased.

*Question 16.* What is the total backlog of APD's? Please provide a table showing the backlog over the last ten years and the number of APD's received and processed during each of the last ten years. Please display this information on a state-by-state basis.

Answer. The total number of APDs that were pending in 2006 is 2310 with an expected decrease in 2007 to 2290, and in 2008 to 2250. A comparison of APDs received in Montana, Wyoming, Utah, Colorado and New Mexico between the years of 1996 and 2000 and the years 2001 to 2005 shows a 104 percent increase in activity.

The tables below include the requested data related to APD processing.

APDS PENDING LONGER THAN 60 DAYS AT END OF FISCAL YEAR

State	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
AK	0	0	1	1	6	15	0	0	0	0	0
CA	8	12	18	51	24	5	6	7	3	4	41
Colorado	16	21	28	44	33	74	67	65	52	74	129
Eastern States	1	3	6	26	10	7	10	23	12	21	9
Montana	23	29	36	40	102	67	134	114	82	89	7
NV	0	0	1	0	0	0	0	0	7	6	0
New Mexico	259	295	318	255	368	503	740	692	501	546	459
Utah	73	82	91	147	150	266	526	443	353	397	1,421
Wyoming	305	347	387	349	1,060	1,059	1,597	1,436	1,204	1,324	244
Nationwide	685	789	886	913	1,753	1,996	3,080	2,780	2,214	2,461	2,310

APDS RECEIVED DURING FISCAL YEAR

State	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
AK	0	1	2	14	11	23	12	6	18	8	9
CA	206	356	395	219	121	70	118	69	116	235	198
Colorado	70	107	122	184	254	299	265	323	502	605	896
Eastern States	4	29	28	37	39	23	14	73	70	136	49
Montana	8	180	183	89	271	213	221	325	421	451	529
NV	0	2	7	0	0	1	7	4	15	9	7
New Mexico	745	926	1,034	832	1,280	1,351	1,087	1,385	1,668	1,619	1,843
Utah	228	388	389	271	394	680	496	639	792	1,245	1,584
Wyoming	148	656	984	2,859	1,607	2,159	2,365	2,239	3,377	4,043	5,377
Nationwide	1,409	2,645	3,144	4,505	3,977	4,819	4,585	5,063	6,979	8,351	10,492

APDS APPROVED DURING FISCAL YEAR

State	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
AK	1	1	3	6	8	11	12	8	14	8	10
CA	154	273	410	172	87	72	108	73	109	232	162
Colorado	59	104	84	153	209	235	208	296	407	608	668
Eastern States	8	17	34	13	22	27	13	44	63	110	42

Montana .....	5	159	121	103	160	168	202	294	213	425	269
NV .....	0	0	6	1	0	0	6	3	10	10	8
New Mexico .....	524	681	716	600	898	930	960	1,183	1,492	1,475	1,866
Utah .....	178	299	292	157	316	505	463	437	677	770	1,016
Wyoming .....	91	455	682	554	1,569	1,688	1,568	1,623	3,467	3,380	3,704
Nationwide .....	1,020	1,989	2,348	1,759	3,269	3,636	3,540	3,961	6,452	7,018	7,745

APDS RETURNED DURING FISCAL YEAR

State	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
AK .....	0	0	0	1	1	2	21	1	1	0	0
CA .....	43	27	22	21	56	24	12	4	5	3	1
Colorado .....	7	1	10	16	29	20	51	29	17	30	90
Eastern States .....	0	2	1	3	4	6	5	20	13	8	3
Montana .....	0	0	6	21	26	18	59	64	79	29	19
NV .....	0	0	0	0	0	0	0	0	0	2	3
New Mexico .....	59	59	105	307	158	310	413	407	165	95	129
Utah .....	29	60	65	47	51	34	84	120	178	16	81
Wyoming .....	11	25	80	131	298	216	1,645	537	441	535	783
Nationwide .....	149	174	289	547	623	630	2,290	1,182	899	718	1,109

TOTAL APDS PROCESSED DURING FISCAL YEAR

State	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
AK .....	1	1	3	7	9	13	33	9	15	8	10
CA .....	197	300	432	193	143	96	120	77	114	235	163
Colorado .....	66	105	94	169	238	255	259	325	424	638	758
Eastern States .....	8	19	35	16	26	33	18	64	76	118	45
Montana .....	5	159	127	124	186	186	261	358	292	454	288
NV .....	0	0	6	1	0	0	6	3	10	12	11
New Mexico .....	583	740	821	907	1,056	1,240	1,373	1,590	1,657	1,570	1,995
Utah .....	207	359	357	204	367	539	547	557	855	786	1,097
Wyoming .....	102	480	762	685	1,867	1,904	3,213	2,160	3,908	3,915	4,487
Nationwide .....	1,169	2,163	2,637	2,306	3,892	4,266	5,830	5,143	7,351	7,736	8,854

*Question 17.* How many acres have you put under oil and gas lease during each of the past ten fiscal years? Please display this on a state-by-state basis.  
Answer.

## NUMBER OF ACRES LEASED DURING THE YEAR

Geographic State	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Alabama											
Alaska		684	80	861,318	7,855	4,486	4,185	8,990	5,077	80	11,970
Arizona			55,921				567,769	11,500	1,403,561		
Arkansas	928	39,602	48,011	74,442	21,573	35,584	6,983	3,040	1,224	22,659	13,337
California		27,120	39,638	38,430	34,811	178,785	71,247	95,792	182,158	172,858	121,563
Colorado	217,896	230,242	336,590	242,911	299,978	594,369	29,079	60,520	34,343	5,629	74,468
Connecticut							448,029	252,004	241,188	237,406	353,172
Delaware											
Florida								3,368			
Georgia					2,018						
Hawaii											
Idaho					40		5,798	671			
Illinois							112				
Indiana											
Iowa											
Kansas		80	958	2,354	1,154	599	2,378	5,764	1,240	160	320
Kentucky			1,264		1,143		2,103		4,968		3,604
Louisiana	42,900	5,687	25,442	12,333	322	606	3,033	511	1,366	1,985	1,767
Maine											
Maryland											
Massachusetts			320								
Michigan		20,810		18,650	2,337		3,939	4,050		480	160
Minnesota											
Mississippi	24,945	71,009	78,586	8,524	25,920	19,826	54,755	15,741	41,205	51,600	47,450
Missouri											
Montana	299,376	241,346	363,402	289,719	380,273	551,660	293,461	172,874	221,740	313,016	200,161
Nebraska	320		760	80	503	7,126		1,880			80
Nevada											
New Hampshire	178,372	293,760	181,938	69,534	235,348	746,400	259,920	116,292	638,632	1,359,085	1,405,878
New Jersey											
New Mexico	195,623	329,896	213,957	130,552	190,598	130,193	192,124	239,979	214,756	184,786	160,852
New York					172						

## NUMBER OF ACRES LEASED DURING THE YEAR—Continued

Geographic State	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
North Carolina	38,139	188,650	67,110	28,705	21,944	52,858	39,354	6,099	82,527	149,814	64,549
North Dakota	8,324	285	337	193	1,870	268	121	.....	5,676	418	.....
Ohio	56,163	11,815	13,155	12,432	8,732	8,619	6,018	12,389	3,827	12,428	68,218
Oklahoma	14,318	14,100	837	11,948	12,605	4,272	5,006	160	.....	.....	255,619
Oregon	.....	.....	.....	.....	7	.....	835	.....	.....	.....	.....
Pennsylvania	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Rhode Island	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
South Carolina	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
South Dakota	60,059	74,693	8,200	.....	62,235	91,880	2,760	548	10,862	33,533	24,775
Tennessee	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Texas	38,384	35,576	5,784	31,781	13,396	60,972	38,156	43,877	19,509	2,625	16,857
Utah	316,989	444,385	278,702	217,934	247,126	284,928	222,070	240,527	118,878	1,001,681	654,484
Vermont	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Virginia	.....	.....	.....	870	5,805	.....	.....	.....	.....	.....	1,039
Washington	1,243	11,485	663	32,899	33,891	16,297	11,544	210,188	192,979	45,423	106,484
West Virginia	.....	.....	.....	.....	34,358	.....	.....	9,830	8,974	12,307	18,539
Wisconsin	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Wyoming	1,029,579	1,426,795	1,880,476	1,516,941	1,004,479	1,182,253	541,827	547,695	722,431	706,234	1,069,680
Total	2,523,558	3,468,020	3,602,131	3,602,550	2,650,493	3,997,271	2,812,606	2,064,289	4,157,121	4,314,207	4,675,026

Note.—Data from Public Lands Statistics.

*Question 18a.* How many acres of lands administered by the Forest Service and the BLM in states west of the hundredth meridian are currently under oil and gas lease? Please display by state and agency.

Answer. The following is a table listing the acreage under oil and gas leases on BLM and FS-managed lands in states west of the hundredth meridian at the end of FY 2006.

State	BLM		Forest Service	
	Number of Leases	Number of Acres	Number of Leases	Number of Acres
Alaska .....	339	2,757,762	0	0
Arizona .....	41	83,466	0	0
California .....	723	377,874	22	6,403
Colorado .....	5,311	4,439,362	522	493,253
Idaho .....	5	7,167	0	0
Kansas .....	71	24,425	297	64,363
Montana .....	3,687	3,205,681	616	1,204,180
Nebraska .....	2	240	0	0
Nevada .....	2,130	4,345,138	30	78,700
New Mexico .....	8,895	5,265,127	287	233,036
North Dakota .....	402	135,733	1,409	813,306
Oklahoma .....	812	102,891	233	135,870
Oregon .....	196	290,766	3	10,812
South Dakota .....	161	144,648	18	11,283
Texas .....	47	21,930	499	388,185
Utah .....	3,884	4,312,992	368	679,710
Washington .....	448	651,425	0	0
Wyoming .....	19,215	13,804,368	756	493,106
Total .....	46,369	39,970,995	5,060	4,612,207

*Question 18b.* How much acreage is under lease but not producing?

Answer. Approximately 31 million acres.

*Question 18c.* What are the reasons for this?

Answer. Each oil and gas lease is effective for 10 years and contemplates that production may not occur immediately, but must occur within the lease period or any extension granted for good cause. Exploration and production companies generally have significant inventories of leased acreage that do not have oil or gas production. These leased acreage inventories are normal and necessary for a company's efficient exploration and production program. For example, companies sometimes desire to lease as many parcels of land as possible in a specific area before beginning exploration activities making it more economical to move needed equipment into the area. Lead time on getting a lease drilled may be many years depending on litigation and time frames to complete NEPA documentation.

There are many other explanations for non-producing leases. Private individuals, as well as companies, often hold leases for speculation. Non-producing leases may be within a unit agreement or development contract and not have been drilled. Some leases are suspended as a result of litigation. Acquisitions and mergers within the industry sometimes result in a company selling or dropping a lease. Changes in corporate priorities resulting in management changes also sometimes lead to a company not developing a lease.

*Question 18d.* How many of these acres are under lease with no drilling activity occurring? What are the reasons for this?

Answer. The BLM tracks the number of leases and acres in production. However, because drilling activity can be very short-term, in some cases only two to three days, it is very difficult to track current drilling activity. Consequently, the BLM does not track how many acres under lease currently have drilling activity taking place.

*Question 19a.* The Phase II Cumulative Inventory completed by BLM under the Energy Policy and Conservation Act (EPCA), as amended, made several assumptions. For example, the report excludes from its analysis proved reserves. According to BLM, this decreases the resources within the "Accessible under Standard Lease Terms" category.

What rationale does BLM have for excluding these reserves?

Answer. With respect to proved reserves, the inventory requirements contained in EPCA Section 604 were amended by the Energy Policy Act of 2005 at Sec. 364

(a)(1)(A)(i) by striking “reserve” and Sec. 364 (a)(2)(A) by striking “reserve” and inserting “resource”.

*Question 19b.* If these proved reserves were included, how would the conclusions of the report be changed?

Answer. The following tables show the changes that would occur if the proved reserves were included in the EPCA Phase II results.

#### EPCA PHASE II RESULTS AS RELEASED

Access Category	Area	Resources	
	Percent of Federal	Oil— Percent of Federal	Natural Gas— Percent of Federal
Inaccessible (Categories 1-4) .....	46	51	27
Accessible with Restrictions (Categories 5-8) .....	30	46	60
Accessible under Standard Lease Terms (Category 9) .....	24	3	13

#### EPCA PHASE II RESULTS WITH PROVED RESERVES CATEGORIZED AS ACCESSIBLE UNDER STANDARD LEASE TERMS

Access Category	Area	Resources	
	Percent of Federal	Oil— Percent of Federal	Natural Gas— Percent of Federal
Inaccessible (Categories 1-4) .....	46	50	24
Accessible with Restrictions (Categories 5-8) .....	30	45	52
Accessible under Standard Lease Terms (Category 9) .....	24	5	24

*Question 19c.* Similarly, the report classifies lands that are available for leasing with no surface occupancy stipulations as inaccessible for leasing. What rationale does BLM have for deeming these resource “inaccessible”?

Answer. Oil and gas leases issued with the No Surface Occupancy stipulation are inaccessible from a surface disturbance point of view, thereby prohibiting road, drilling pad, and pipeline construction. However, some of the resources under these lands are deemed accessible by way of directional drilling techniques. The EPCA analytical model accounts for this by categorizing resources as accessible within a zone (called the “Extended Drilling Zone”, see the Phase II report beginning at A9.2 on page 299) around the perimeter of the NSO lands. The width of this zone was determined by BLM and Forest Service field experts and ranges from 0 to 3 miles. The remaining oil and natural gas resources on NSO lands not within this zone are categorized as inaccessible.

*Question 19d.* If these resources were included how would the conclusions of the report be changed?

Answer. Only 0.6% of the Federal oil and 1.4% of the Federal natural gas are categorized as inaccessible under lands covered by the no surface occupancy stipulation. Therefore, the results of the report would change very little.

*Question 19e.* Does BLM have data on how much oil and gas is produced from lease with NSO stipulations? If so, please provide.

Answer. The Department does not have this information readily available. BLM maintains information on what stipulations are included with which leases. As part of its minerals revenue management function, the Minerals Management Service compiles data on oil and natural gas production from onshore Federal leases, but not on what stipulations may be attached to those leases.

*Question 20.* What is the current level of funding and what level is proposed for fiscal year 2008 for the administration of renewable energy development on public lands? Please provide allocation by energy type.

Answer.

BLM RENEWABLE ENERGY—APPROPRIATIONS HISTORY AND 2008 BUDGET REQUEST

(Dollar Amounts In Thousands)

Program/Issue	2003 Enacted	2004 Enacted	2005 Enacted (post rescission)	2006 Enacted (post rescission)	2007 Planned	2008 Request
Geothermal	1,300	1,250	1,233	1,214	1,214	1,214
Geothermal Steam Act * Implementation Fund (Energy Policy Act)	0	0	0	3,523	3,438	0
Renewable ROW primarily wind & solar energy	250	400	644	635	635	635
Hydropower relicensing	300	300	296	291	291	291
Contribute to biomass energy supply. **	0	0	235	290	757	800
<b>Total Renewable Energy</b>	<b>1,850</b>	<b>1,950</b>	<b>2,408</b>	<b>5,953</b>	<b>6,335</b>	<b>2,940</b>
Rescissions			1.40%	1.50%		
Wind Energy EIS	( <sup>1</sup> )	( <sup>1</sup> )	1,169	1,532	32	0

\*The 2008 Budget Request proposes to rescind Section 234 of the Energy Policy Act of 2005 to return the Federal share of geothermal revenues to the Treasury. Section 234 redirected these revenues to BLM's Geothermal Stream Act Implementation Fund.

\*\*These dollar figures represent project work only and don't account for BLM labor involved in facilitating the use of biomass energy within BLM, the public, and industry. Wood cutting permits are issued for heating of homes and are not part of this program.

<sup>1</sup>Not applicable.

*Question 21.* Please provide a table displaying the level of funding requested (both in dollar amounts and as a percentage of the BLM budget) and enacted for each of the past 10 fiscal years for each of the following activities: Energy and Minerals; Land Resources; Wildlife and Fisheries Management; Recreation Management; and Resource Protection and Maintenance.

Answer.

[Dollar Amounts in Thousands]

Fiscal Year/BA Requested and Enacted	Activity						Total, Management of Lands & Resources
	Land Resources	Wildlife and Fisheries	Recreation Management	Energy and Minerals	Resource Protection & Maintenance		
1997:							
Request	\$123,435	\$27,234	\$45,864	\$69,503	\$66,628	\$575,892	
Percent of MLR Requested	21.4%	4.7%	8.0%	12.1%	11.6%		
Enacted	\$124,935	\$27,234	\$45,864	\$69,503	\$64,084	\$575,564	
Percent of MLR Enacted	21.7%	4.7%	8.0%	12.1%	11.1%		
1998:							
Request	\$132,430	\$27,778	\$50,589	\$70,306	\$70,310	\$587,495	
Percent of MLR Requested	22.5%	4.7%	8.6%	12.0%	12.0%		
Enacted	\$127,406	\$29,028	\$48,858	\$73,106	\$67,256	\$583,270	
Percent of MLR Enacted	21.8%	5.0%	8.4%	12.5%	11.5%		
1999:							
Request	\$152,955	\$33,148	\$50,298	\$69,564	\$74,362	\$627,038	
Percent of MLR Requested	24.4%	5.3%	8.0%	11.1%	11.9%		
Enacted	\$144,914	\$31,763	\$50,075	\$69,944	\$32,930	\$619,311	
Percent of MLR Enacted	23.4%	5.1%	8.1%	11.3%	5.3%		
2000:							
Request	\$161,380	\$34,688	\$51,753	\$74,377	\$34,095	\$641,100	
Percent of MLR Requested	25.2%	5.4%	8.1%	11.6%	5.3%		
Enacted	\$162,300	\$36,538	\$51,403	\$76,827	\$33,795	\$646,493	
Percent of MLR Enacted	25.1%	5.7%	8.0%	11.9%	5.2%		
2001:							
Request	\$190,452	\$40,712	\$62,519	\$82,087	\$38,875	\$715,191	
Percent of MLR Requested	26.6%	5.7%	8.7%	11.5%	5.4%		
Enacted	\$191,726	\$37,902	\$62,708	\$76,719	\$53,684	\$752,745	
Percent of MLR Enacted	25.5%	5.0%	8.3%	10.2%	7.1%		
2002:							
Request	\$176,547	\$37,428	\$62,989	\$91,488	\$61,291	\$760,312	
Percent of MLR Requested	23.2%	4.9%	8.3%	12.0%	8.1%		
Enacted	\$179,447	\$37,428	\$64,289	\$95,533	\$61,691	\$775,632	
Percent of MLR Enacted	23.1%	4.8%	8.3%	12.3%	8.0%		
2003:							
Request	\$177,557	\$33,755	\$62,696	\$104,841	\$76,227	\$812,990	

[Dollar Amounts in Thousands]

Fiscal Year/BA Requested and Enacted	Activity						Total, Management of Lands & Resources
	Land Resources	Wildlife and Fisheries	Recreation Management	Energy and Minerals	Resource Protection & Maintenance		
2004:							
Percent of MLR Requested	21.8%	4.2%	7.7%	12.9%	9.4%		
Enacted	\$182,016	\$33,794	\$59,840	\$105,899	\$78,265	\$820,345	
Percent of MLR Enacted	22.2%	4.1%	7.3%	12.9%	9.5%		
2005:							
Request	\$179,407	\$34,292	\$66,717	\$105,925	\$79,670	\$828,079	
Percent of MLR Requested	21.7%	4.1%	8.1%	12.8%	9.6%		
Enacted	\$183,135	\$34,098	\$62,276	\$107,879	\$81,290	\$839,843	
Percent of MLR Enacted	21.8%	4.1%	7.4%	12.8%	9.7%		
2006:							
Request	\$187,761	\$37,884	\$59,886	\$104,423	\$81,178	\$837,462	
Percent of MLR Requested	22.4%	4.5%	7.2%	12.5%	9.7%		
Enacted	\$188,014	\$36,947	\$60,589	\$106,631	\$81,501	\$836,826	
Percent of MLR Enacted	22.5%	4.4%	7.2%	12.7%	9.7%		
2007:							
Request	\$186,963	\$41,084	\$64,604	\$106,772	\$83,616	\$850,177	
Percent of MLR Requested	22.0%	4.8%	7.6%	12.6%	9.8%		
Enacted	\$187,613	\$40,480	\$65,131	\$108,157	\$84,358	\$847,632	
Percent of MLR Enacted	22.1%	4.8%	7.7%	12.8%	10.0%		
2007:							
Request	\$186,881	\$40,805	\$63,765	\$134,705	\$83,631	\$863,244	
Percent of MLR Requested	21.6%	4.7%	7.4%	15.6%	9.7%		
Enacted	\$185,556	\$40,780	\$63,697	\$136,537	\$84,154	\$866,911	
Percent of MLR Enacted	21.4%	4.7%	7.4%	15.7%	9.7%		

Note.—The percentages shown are of the Management of Lands and Resources appropriation not including other appropriations to the Bureau of Land Management.

*Question 22.* Please describe the status of implementation of the EPACT provision requiring BLM to address the issue of abandoned, orphaned and idled oil and gas wells on lands administered by BLM? How many of each category of well (abandoned, orphaned, or idled) is located on BLM administered lands? Please provide the information by state.

Answer. The BLM and the Forest Service (FS) developed a priority ranking system for orphaned and idled wells, as required by the EPACT. The BLM and FS, together with the Department of Energy, met at the end of February 2006 and finalized a ranking system for these two well categories. The ranking systems were tested by select BLM and FS field offices and were modified as appropriate. As of March 2007, an Instruction Memorandum requiring our field offices to implement the well ranking program is under final field review and will be issued after approval by Washington Office management. In addition, as also required by the EPACT, a preliminary meeting was held with the Interstate Oil and Gas Compact Commission in March 2006 which lead to further discussions concerning this program. Future meetings are anticipated.

SHUT-IN, TEMPORARILY ABANDONED, ABANDONED AND ORPHANED OIL AND GAS WELLS

State	Shut-in Wells	Temporarily Abandoned Wells	Abandoned Wells	Orphaned Wells
Alaska .....	84	6	31	0
Arizona .....	0	0	0	4
California .....	1,614	800	1,756	20
Colorado .....	531	105	593	0
Eastern States .....	185	38	34	0
Montana .....	214	195	607	0
Nevada .....	14	17	175	0
New Mexico .....	1,755	965	4,624	23
Utah .....	391	333	449	14
Wyoming .....	2,420	1,044	3,794	0
Nationwide .....	7,208	3,503	12,063	61

Shut-in, Temporarily Abandoned Wells, and Abandoned Well data is as of March 3, 2007. Orphaned Wells data is as of September 22, 2006.

*Question 23.* Section 1811 of the Energy Policy Act of 2005 requires the Department to enter into an arrangement with the National Academy of Sciences to undertake a report relating to water and coalbed methane production. Because water resources are so important in the West, I am interested in seeing that the Department carry out this directive. The NAS report is due back to the Secretary and the Administrator of EPA within 12 months after the date of enactment of EPACT, and the Secretary and the Administrator are to report to Congress within six months after receipt of the NAS report. However, I understand that there are issues regarding resources for this study. Please provide a time-line for carrying out this provision of the law.

Answer. Section 1811 of the Energy Policy Act of 2005 requires the Secretary of the Interior, in consultation with the Environmental Protection Agency (EPA), to enter into an arrangement with the National Academy of Sciences (NAS) to study the effect of coal bed natural gas production on surface and ground water resources. In April 2006, the Bureau of Land Management (BLM) forwarded to NAS a number of recent studies on this issue and stated its opinion that:

- These existing studies provided a comprehensive analysis of topics intended to be addressed in the Act;
- That unless specific deficiencies in the existing data were identified, along with practical methods to address them, it would not be in the public interest to arrange to conduct further studies.

BLM also sought from NAS information as to how to proceed with the Act's mandate.

The Department is currently working with the National Academy of Sciences to determine how the review of the relevant studies we submitted to it will proceed. The NAS has presented to us 4 options:

- Meeting and oral summary without recommendations.

- Workshop with written summary, without recommendations, issued within 9 months.
- Ad hoc committee study to review existing documents; consensus report with recommendations; study over 10 months.
- Ad hoc committee study to address the topic outlined in section 1811; National Research Council study over 12 months.

The Department has not yet decided on the most effective approach for meeting this study requirement.

*Question 24.* I understand that the BLM has implemented section 390 of EPAct relating to NEPA review in a manner such that there is no extraordinary circumstances exception with respect to the categorical exclusions extended under that provision. How does the extraordinary circumstance exception normally apply under the agency's NEPA procedures? Weren't those provisions in place at the time of enactment of section 390? Has the Solicitor's Office provided a legal review of this interpretation of the section?

Answer. Under CEQ regulations which authorize agencies to create categorical exclusions to the applicability of NEPA through agency procedures set forth in 40 CFR 1507.3, such procedures also are to provide for "extraordinary circumstances in which a normally excluded action may have a significant environmental effect." See 40 CFR 1508.4. In 1984, the Department of the Interior adopted a list of "exceptions to categorical exclusions" in the Departmental Manual at 516 DM 2, Appendix 2. When those exceptions are present, an environmental assessment or environmental impact statement is prepared for otherwise categorically excluded actions.

The Solicitor's Office reviewed BLM's instruction memorandum concerning the statutory categorical exclusions and agreed with BLM that CEQ procedures, including extraordinary circumstances, do not apply to the exclusions created by section 390 of EPAct. Those procedures apply to agency-created exclusions, established pursuant to the criteria of the CEQ regulations, but not to the section 390 exclusions that rest primarily on the existence of previous NEPA reviews. Rather than being reviewed for "extraordinary circumstances," section 390 provides a "rebuttable presumption" that its exclusions apply, which is subject to rebuttal on the basis of the absence of one of the elements set forth in section 390 for the exclusion BLM proposes to apply. Members of the public may, during the 30-days following mandatory posting of the APDs, notify BLM of information that rebuts the presumption that the statutory categorical exclusions apply. Applying "extraordinary circumstances" would frustrate the purpose of section 390 to streamline and expedite the approval of drilling permits, where the proposed action is very similar to an action that has previously been subject to NEPA analysis.

*Question 25.* I have asked GAO to look into whether royalty rates for oil and gas are commensurate with rates charged on state and private lands. Do you believe that the royalty rates for oil and gas produced on federal lands are adequate?

Answer. The Bureau of Land Management has and will continue to examine royalty rates for oil and gas on Federal lands and will make such changes, if appropriate.

*Question 26.* According to information made available to me, 26 million acres of federal onshore lands currently under oil and gas lease but not producing. What are the reasons for this? Do the rules for diligent development of federal leases need to be strengthened to ensure that these important resources are produced?

Answer. Each oil and gas lease is issued for a term of 10 years, after which it expires in the absence of a well capable of production in paying quantities (i.e. a commercial discovery), drilling in progress, or suspension of operations granted for causes specified in the record. Exploration and production companies generally have significant inventories of leased acreage that do not have oil or gas production. These leased acreage inventories are normal and necessary for a company's efficient exploration and production program. For example, companies sometimes desire to lease as many parcels of land as possible in a specific area before beginning exploration activities making it more economical to move needed equipment into the area. Lead time on getting a lease drilled may be many years depending on litigation and time frames to complete NEPA documentation.

There are many other explanations for non-producing leases. Private individuals, as well as companies, often hold leases for speculation. Non-producing leases may be within a unit agreement or development contract and not have been drilled. Some leases are suspended as a result of litigation. Acquisitions and mergers within the industry sometimes result in a company selling or dropping a lease. Changes in corporate priorities resulting in management changes also sometimes lead to a company not developing a lease.

*Question 27.* Last summer, 18 Senators joined me in writing to you to ask that the Department reconsider the decision to lease for oil and gas land in the vicinity of Teshekpuk Lake in the National Petroleum Reserve-Alaska that Secretary Watt had withdrawn due to its importance to wildlife. The lease sale was subsequently enjoined by a federal court.

What is the current status of this lease sale? Will you reconsider the decision to lease these sensitive lands in the vicinity of Teshekpuk Lake?

Answer. On December 4, 2006, the Alaska State Office published a Notice of Intent to Prepare a Supplement to the Northeast National Petroleum Reserve-Alaska Amended Integrated Activity Plan/Environmental Impact Statement in the Federal Register. The supplement will address the analysis which the court found lacking in the January 2006 Record of Decision. The supplement is expected to be completed by the end of 2007 or early 2008 with a Record of Decision signed early in 2008. A lease sale is under consideration for June 2008.

Development of oil and gas resources in the National Petroleum Reserve-Alaska is an important component of the President's National Energy Policy. As I have said in the past, we must improve America's energy security by increasing domestic production of fossil fuels, promoting increased energy conservation, and stimulating the development of alternative fuels. Until the draft supplement is ready for release to the public, any speculation as to whether the Preferred Alternative will result in changes to the Leasing Plan is premature. In the Supplement, as in the Original Plan, the BLM is balancing the responsibility for development of the oil and gas resources with protection of wildlife, habitat, and Native Alaskan subsistence values.

*Question 28a.* What is the current level of bonding or financial assurances required for hardrock mining operations?

Answer. In order for an operator to begin operations under an accepted Notice (exploration) or an approved Plan of Operations (mining/milling) the operator must provide BLM with a reclamation bond (financial guarantee) that is acceptable to BLM. The operator must provide the cost to reclaim the operations as if BLM were hiring a third-party contractor to perform reclamation of the operations after the project area has been vacated. The reclamation bond must also include BLM's cost to administer the reclamation contract (43 CFR 3809.554)

*Question 28b.* What administrative mechanisms are in place to ensure that financial assurances are adequate to cover all reclamation costs?

Answer. In 2006, BLM used the Agency's internal tracking system, LR2000, to produce a "Fiscal Year Bond Review Report." This report is produced based on specific information entered into the system to record the amount of the required reclamation bond needed to conduct operations, and if the required bond has been obligated (provided it has been submitted) by BLM to cover the operations. The report also tracks the interval of time between bond reviews. The BLM uses the Bond Review Report to determine if all reclamation bonds requiring review for adequacy have been conducted, and if necessary, develops an action plan to correct any omissions or deficiencies.

*Question 28c.* How many hardrock mining operations have been identified where financial assurances are inadequate to cover reclamation costs?

Answer. The reclamation bonds will be reviewed according to policy and regulations and will be completed in FY 2008. The field offices populate the Bond Review Report with the required data to provide an accurate representation of the reclamation bonds accepted for authorized operations. To date, the Bond Review Report indicates that less than 6 percent of the bonds need to be adjusted. The BLM State Offices have initiated action plans to bring those operations into compliance by the end of FY 2007.

*Question 29.* Have you quantified the number of new mining claims located over the past 10 years? Please provide number of claims located by year. How many claims have been located in the vicinity of the Grand Canyon? Have you witnessed an increase in the claims located for uranium production?

Answer. The following table displays the number of new mining claims located over the past 10 years.

NEW MINING CLAIMS

Year	Number of Claims
1996	51,170
1997	51,853
1998	34,468
1999	24,483

## NEW MINING CLAIMS—Continued

Year	Number of Claims
2000 .....	22,123
2001 .....	13,561
2002 .....	15,407
2003 .....	31,185
2004 .....	44,350
2005 .....	57,391
2006 .....	89,049

There currently are no active mining claims in the Grand Canyon Parashant National Monument, which is jointly managed by the BLM and NPS. The monument, which falls within the jurisdiction of the BLM-Arizona Strip Field Office, borders the Grand Canyon National Park to the south and the State of Nevada to the west. The Kaibab National Forest north of the Grand Canyon National Park within the Arizona Strip is wholly contained in the Grand Canyon National Game Preserve, which is withdrawn from mining claim location. Within the BLM-Arizona Strip District Office there are also no active mining claims in the Vermilion Cliffs National Monument. This monument borders Kaibab National Forest to the west and Glen Canyon National Recreation Area to the east. Within the BLM-Arizona Strip Field Office there are presently about 6,000 active mining claims of which approximately 5,000 were staked for uranium in the last 3 years.

There is currently renewed interest in exploration and production of uranium from domestic sources. Nationally, from 2001 to 2004 approximately 2,000 to 4,000 uranium claims were recorded. In 2005, the number of uranium claims recorded was approximately 18,000. This is due to both a shrinking supply in the Canadian reserves (major source of uranium for North America and parts of Europe) and the resulting increase in price for uranium oxide, from \$9 in 2001 to \$75 per pound in 2007. In addition, from FY 2002 through FY 2006, the BLM has received sixteen uranium plans of operations. Nine of the plans have been approved, and seven are pending approval.

#### *National Landscape Conservation System*

*Question 30.* The BLM's budget proposes only \$32 million in funding for the National Landscape Conservation System, the collection of monuments, wilderness areas and other similar conservation areas. The FY '08 proposal is almost \$10 million than the FY '06 funding level. This is coupled with a cut in the BLM's cultural resource protection budget, which according to the budget explanatory materials, is reduced "in order to fund higher BLM priorities." Do you support the concept of the National Landscape Conservation System? If so, then why are the protection of national monuments and cultural resources on BLM lands not a priority?

*Answer.* The Department supports the National Landscape Conservation System (NLCS). The NLCS includes approximately 27 million acres of land and hosts more than one-third of the recreation on BLM-managed lands. The differences in the NLCS budget from FY 2006 to FY 2008 are caused by a number of factors. First, the NLCS completed a number of projects in FY 2006 and anticipates completing others in FY 2008. These completed projects will not need funding in FY 2008. These include the conclusion of the commemoration of the Lewis and Clark expedition and the completion of planning efforts at several NLCS areas including Craters of the Moon, Kasha Katuwe, and Sloan Canyon. Savings are estimated at over \$3 million. Second, the FY 2006 figures include approximately \$3.8 million in recreation fees that are not currently reflected in the FY 2008 budget. Third, almost \$3.5 million in earmarks directed to the NLCS in FY 2006 were not included in the FY08 budget.

#### *BLM Land Sales*

*Question 31.* Mr. Secretary, during your confirmation hearing last year, I understood you to say that you opposed the sale of public lands for deficit reduction purposes. Yet with the Administration's proposal to redirect at least 70 percent of the sale of BLM lands and deposit them into the Treasury, won't that be the case—land sales for budgetary purposes. Given your previous statement, why do you now support this.

*Answer.* During the confirmation hearing last year, I stated that I would oppose land sales specifically for deficit reduction, but recognized that there were occasions

in which land sales are appropriate, such as for reasons of creating more efficient management blocks of land. My position has not changed.

Under the Federal Land Policy and Management Act of 1976 (FLPMA), the Bureau of Land Management (BLM) has long had authority to sell lands, identified through the land use planning process, that are not central to achieving the BLM mission. FLPMA sets forth certain criteria under which public lands may be identified for disposal, such as the lands are difficult and uneconomic to manage and are not suitable to manage by another Federal department or agency. The disposal of such lands, therefore, allows BLM to achieve a more common sense land-use pattern and reduce administrative costs for Federal programs. The Administration proposal would seek to change the allocation of proceeds received from such sales, but would not change the long-established process or existing disposal criteria established by FLPMA.

*Question 32.* If you are going to propose redirecting most of the proceeds from public lands sales into the Treasury, why are you not including revenues from the sale of public lands under the Southern Nevada Public Land Management Act, which account for the vast majority of land sale revenues?

Answer. Through the budget process, the Administration made the decision to seek to amend the Federal Land Transaction Facilitation Act (FLTFA).

*Otero Mesa*

*Question 33.* What is the schedule for any future leasing activities for tracts within Otero Mesa in New Mexico?

Answer. There is no schedule for future leasing of tracts in Otero or Sierra counties in New Mexico, including tracts within Otero Mesa. A decision on issuance of the Bennett Ranch Unit (BRU) lease is pending BLM completion of an Environmental Assessment (EA), in compliance with a Federal court order; the BLM does not expect to complete the EA until the conclusion of discussions regarding an appeal of the Court's decision.

The BLM had suspended operations of the Bennett Ranch Unit (BRU) and decided to defer leasing until an amendment to the Resource Management Plan (RMP) for oil and gas leasing was completed. On January 24, 2005, the Record of Decision for the Resource Management Plan Amendment (RMPA) and Final Environmental Impact Statement for Otero Mesa was signed. Litigation followed. On September 27, 2006, the United States District Court for the District of New Mexico ruled that challenges to the BLM's RMPA lacked merit. The Court found that the BLM did not violate the National Environmental Policy Act (NEPA), the Federal Land Policy and Management Act (FLPMA), or the Endangered Species Act (ESA), among other laws. The Court directed the BLM to prepare an Environmental Assessment or Environmental Impact Statement, as appropriate, prior to issuing the BRU lease. The BLM is complying with the Court's decision.

*Question 34.* BLM's Record of Decision concerning oil and gas leasing within Otero Mesa specifically sets out that BLM has a responsibility to protect groundwater resources that might be affected by such leasing. Before issuing any permits to drill, BLM is to determine where fresh aquifers are located so that it can ensure that adequate protections for groundwater quality and quantity are incorporated into its drilling permits. Given that the State of New Mexico and USGS have initiated an in-depth study of the Salt Aquifer which underlies Otero Mesa, shouldn't BLM delay any leasing activity and join with New Mexico and USGS to fully evaluate and study the Salt Basin Aquifer? If not, how does BLM intend to secure the information and analysis needed to fully protect this critical water supply for New Mexico?

Answer. The Resource Management Plan (RMP) which includes the Otero Mesa provides very strict stipulations on oil and gas development. At the present time, the BLM is not planning another lease sale until the agency has more information about the potential development which may occur on lands which were leased in previous decades or on the pending Bennett Ranch Unit lease. The RMP clearly established limits on the amount of surface disturbance which could occur in the grasslands as well as the number of wells which could be drilled. The BLM is being very cautious about leasing so as not to create a situation where the established limits could be exceeded if a field(s) is developed at some future point.

The BLM is confident that its process (which includes extensive review by geologists) to approve plans will protect the aquifer at such time drilling does take place. The geologist will identify any anticipated hazards by looking at nearby well history, logs and completion reports. The geologist also will consult industry databases, State Oil Conservation Division and Engineer, and NM Tech well and geologic records and reports (including the USGS and Sandia Laboratory reports). The USGS report indicates water in the Salt Basin Aquifer is anticipated to range from 500 to 6,500 parts per million (ppm), or milligrams per liter, level of total dissolved sol-

ids. BLM is protecting usable water up to 10,000 ppm, which is the level set by the NM Water Quality Board.

UNITED STATES GEOLOGICAL SURVEY

*Question 35.* Does the President's budget include funding for archiving initiative for the preservation of geologic and geophysical data as provided for by Section 351 of the Energy Policy Act of 2005? Please provide a status report on implementation efforts and a time line for implementation of this provision.

Answer. The President's budget includes \$1.18 million for the program authorized under section 351. In FY 2006, the USGS formed a preservation committee to develop an implementation plan which was submitted to Congress, as directed in the Energy Policy Act legislation. The new Program Coordinator on the Chief Scientist for Geology staff will begin implementation of the program in FY 2007. Below are some of the activities that may be accomplished in FY 2007 and FY 2008:

- Transfer approximately 1,000 pallets of important oil shale cores, currently inaccessible and stored in the Anvil Mine, west of Denver, Colorado, to the USGS core repository at the Denver Federal Center.
- Curate this material and make it available to researchers within the Federal Government, States, universities, and private industry.
- Continue efforts to preserve and make accessible on-line the extensive offshore seismic reflection data along the west coast of the United States that was donated by private industry.
- Continue interactions with State geological surveys and other DOI agencies that maintain geological and geophysical data and samples to address their preservation and data rescue needs. Initiate curation of critical paleontologic and other energy-related collections.
- Establish detailed guidelines for distribution of program funds.
- Convene an expert panel to gather input on minimum standards and best practices for the preservation and archiving of the various geologic data and collections, including consistent inventory standards where appropriate.
- Convene an expert panel to gather input on guidelines for the proper preservation of physical samples, as well as original data and derived information stored on various paper and digital media.
- Coordinate efforts with other organizations that are dedicated to the exchange of information in the geosciences.
- Convene an expert panel to gather input on designing the National Digital Catalog of geologic and geophysical information, including maps, well logs, engineering data and samples.
- Establish guidelines for standardized data catalogs and directories that follow national and international standards.
- Establish metadata standards for all data to be incorporated within the National Digital Catalog.
- Prepare an annual report for the Secretary of the DOI on the progress of implementing the program.

*Question 36.* The Energy Policy Act of 2005 requires the U.S. Geological Survey to undertake a national assessment of oil shale resources. Please describe the work plan and time-line for this assessment.

Answer. The purpose of this assessment would be to determine the location, quality, and quantity of oil shale deposits of the United States, and develop modern analytical techniques to quantify the oil generation potential of oil shale. Because of its size and the amount of available data, the initial and priority effort will be the evaluation of the Green River oil shale deposits of Colorado, Utah, and Wyoming. After completion of this initial effort, which USGS expects will take two to three years if time and funding permit, further assessments could be made regarding the Devonian oil shales of eastern United States and other deposits in central and western United States. Funding for this assessment was included in the USGS FY 2007 budget request. The USGS is examining its alternatives under the continuing resolution to determine if funding can be made available in FY 2007. The start date for this effort is dependent upon the availability of the funds, but the work should commence by the beginning of FY 2008, if not before.

*Question 37.* The budget proposes a decrease of \$2.0 million in the USGS Priority Ecosystem Science program. What research will be cut or terminated as a result of this decrease? What is the rationale for this reduction?

Answer. The reduction to Priority Ecosystems Science (PES) comes in the Geographic Analysis and Monitoring Program line item. The reduction of \$2 million was taken in the PES program to allow GAM to retain funding for other, higher priority

activities. At the President's Request level, PES activities will continue in the six study unit area (Greater Everglades, San Francisco Bay, Chesapeake Bay, Mojave Desert, Platte River, and the Greater Yellowstone area).

NATIONAL PARK SERVICE

*Question 38.* The National Park Service Concessions Management Improvement Act of 1988 requires the National Park Service to utilize concession contracts for the provision of commercial services in units of the National Park System. The Park Service has at times also entered into long-term leases for commercial activities within national park units.

Please provide me with a listing of all commercial activities for which you are using leasing authority as well the statutory authority for each lease. How do you determine whether to issue a lease or a concession contract in a specific case?

*Answer.* We estimate that NPS uses leasing authority for at least 40 operations within units of the National Park System; a complete list of the leases and the authority will be provided to the committee separately. Two sets of regulations are used for leases: 36 CFR Part 17 and 36 CFR Part 18. The Part 17 regulations are based on Section 5(a) of the Act of July 15, 1968 and on 15 USC 4601-22(a). The Part 18 regulations are based on 16 USC 1 et seq. (particularly 16 USE 1a-2(k)), and 16 USC 470h-3. If any leases are authorized under other authorities, that will be noted on the list that will be submitted separately.

There are certain circumstances in which it is appropriate to provide services through a lease. In general, as stated in Section 8.12 of Management Polices 2006, if the leased property where the proposed services are to be provided is not near a particular visitor destination of the park area, and if the patrons of the lessee are expected to be primarily persons who come to the park area only to utilize the lessee's services, it is likely that the use of a lease will be permissible.

*Question 39a.* I have several questions concerning competitive sourcing activities in the National Park Service:

How many competitive sourcing evaluations does the National Park Service intend to undertake during the upcoming year? How many FTEs are involved?

*Answer.* In FY 2007, the National Park Service is conducting three streamlined competitions of Job Corps Centers involving work performed by approximately 60 Government employees and 150 contractor man-year equivalent positions. The bureau is also conducting a streamlined competition of turf maintenance functions in the metropolitan areas of the National Capital Regions encompassing work performed by approximately 44 Government employees and 50 contractor man-year equivalent positions.

NPS also plans to begin preliminary planning for a potential competition in three areas:

- Information technology functions performed in the Washington Support Office encompassing approximately 80 Government employees and a to-be-determined number of contractor man-year equivalents;
- Guard functions within the U.S. Park Police in the Washington D.C. and New York City metropolitan areas encompassing approximately 26 Government employees; and
- Interpretive media design functions at Harpers Ferry Center encompassing work performed by approximately 103 Government employees and a to-be-determined number of contractor man-year equivalents.

Any actual competitions in these three areas would begin in FY 2008.

Lastly, NPS has completed the preliminary planning phase of human resources functions performed across the Service, and has decided to conduct a standard competition of the processing (versus advisory) tasks associated with human resources records management, position classification, compensation and payroll, and benefits functions. The scope encompasses approximately 122 full-time equivalent Government positions and approximately 14 contractor man-year equivalent positions.

*Question 39b.* OMB Circular A-76 sets out the requirements for Federal agencies to follow when undertaking competitive sourcing evaluations. Please describe for me the steps involved in conducting an assessment under A-76.

*Answer.* OMB Circular A-76 allows for two kinds of competitions: streamlined and standard. Prior to starting either, preliminary planning is required to be conducted to analyze the functions being performed and recommend the scope and grouping(s) suitable for competition along with the most suitable type of competition. Both types require formal offers, from Government sources including at least the owning agency, but can also include other public reimbursable sources (i.e., other Government agencies).

Streamlined competitions are an option only where 65 or fewer Government FTEs are currently performing the scope of work to be included. They are intended to be business case analyses and are limited to cases where the analyses can be completed in 90 or 135 days. Standard competitions mirror typical acquisitions where requirements documents are developed, solicitations released, offers received, and formal source-selection processes conducted. Standard competitions allow either 12 or up to 18 months to complete all actions.

*Question 39c.* What costs are associated with an A-76 evaluation at a park or central office level? Does this include time NPS employees spend on competitive sourcing related activities and not on their regular duties?

Answer. Since 2001, the NPS has conducted two competitions in accordance with OMB Circular A-76:

- Natchez Trace Parkway maintenance—the total cost of this competition of 74 FTE was \$192,000 (\$1,350 per FTE), and the total savings over five years was \$1.103 million (\$221,000 per year). A recent audit of this competition by the DOI Inspector General suggests that savings were understated by over \$500,000 because more roadway is being maintained than before.
- Southeast Archaeological Center—the total cost of this competition of 43 FTE was \$97,000 (\$2,256 per FTE), and the total savings over five years was \$4.2 million (\$840,000 per year).

OMB guidance for Congressional Reporting under Section 647(b) of the FY 2004 Consolidated Appropriations (P.L. 108-199) does not allow personnel time during a planning phase to be charged to the competitive sourcing costs (see excluded costs below) so we do not have figures for this portion of the work. This phase typically includes analysis of activities, grouping into business units, an assessment of workload data, baseline costs of the existing organization and a definition of requirements to do the work. As described below, the time required for this work can vary considerably by the scope and size of the work to be analyzed. Analysis of a Service-wide function is considerably more time-consuming than an analysis of a function or functions within a park or program.

OMB guidance allows costs to be included as long as they are directly attributable and can be distinctly identified against effort spent on competitive sourcing. That includes:

- costs of consultants or contractors who participate in the conduct of reported competitions;
- costs of travel, training, or other incremental expenses directly attributable to the conduct of reported competitions; and
- incremental in-house staff costs incurred as part of conducting competitions (i.e., staff hired specifically to work on a particular competition or overtime costs (where overtime costs are tracked)).

Excluded costs include:

- costs of in-house staff who spent time on the competition during regular working hours, such as developing the performance work statement, but were working before the competition commenced and continue to work; and
- costs of central program oversight of competitive sourcing (i.e., those resources that do not directly relate to a particular competition) such as competitive sourcing office staff or general training provided to employees that is not considered a part of the competition.

*Question 39d.* I understand that an A-76 evaluation can cost as much as \$5,000 per employee. Is that correct?

Answer. Costs per employee are directly impacted by the size and scope of competitions. High cost on a per FTE basis typically occurs in studies of limited scope and small size where fixed costs cannot be spread. Agencies that can design competitions around relatively large concentrations of commercial activities would report lower costs on a per FTE basis. The NPS is cognizant of this and where the agency is considering competitive sourcing, it is trying to ensure there is enough critical mass to warrant the expense, to have reasonably sure expectations of enhanced effectiveness and greater efficiencies, and to ensure that long-term savings outweigh the one-time costs of conducting competitions.

*Question 39e.* What effect does competitive sourcing have on agency employee morale? Are you concerned about this?

Answer. Any organizational development study that has the potential for changes in the workplace impacts morale. We are concerned about this, but we will take advantage of every program available to minimize impacts.

*Question 39f.* Circular A-76 requires an agency to conduct a competition to determine if governmental employees should perform commercial activities. Among Federal agencies, the National Park Service is unique in that it has specific statutory authority (the National Park Service Concessions Management Improvement Act of 1998) which provides that commercial activities in national park units are to be undertaken by private companies through concession contracts. Are services provided through concession contracts taken into account when determining the number of FTE's that should be subject to a competitive sourcing evaluation? If not, why not?

Answer. As you know, the Concessions Management Improvement Act of 1998 and its legal predecessors, which actually predate the formation of the NPS, require that the NPS use concessions contracts for commercial activities in National Parks when they are "necessary and appropriate" for the private sector to perform. Concessioners are a major employer in national parks, hiring over 25,000 seasonal hospitality workers during peak seasons alone. The private-sector concession operators generate over \$800 million in annual revenue and provide a franchise fee to the NPS averaging 4.5%. Franchise fees are used to fund many visitor service programs as well as reduce the backlog of maintenance and repair projects within the parks.

Employees hired by concessioners are not Federal employees, and thus are not subject to the requirements of the FAIR Act for the NPS.

*Question 39g.* Do you view the 1998 concessions law as superseding the FAIR Act for the National Park Service?

Answer. Neither law is specific about its influence over the other. As a practical matter, however, under current concessions law, the National Park Service must determine those activities "necessary and appropriate" for the commercial activities and must offer those opportunities for competition to the private sector. In fact, the 1998 Concessions Act called for the government to develop a new process for increased competition and for setting franchise fees commensurate with probable value. The law has caused the NPS to reevaluate all of its concessions activities and contracts. This analysis and the new contracts and franchise fees have resulted in a more robust concessions program that offers considerable incentives for the parks to identify commercial activities and for the private sector to bid on them. Concessions return \$36 million in franchise fees directly to National Parks. In return, however, the pool of potentially commercial activities performed by the employees of the National Park Service has been reduced, thus limiting the number of positions to which the FAIR Act applies.

*Question 39h.* To date, how many competitive sourcing evaluations has the National Park Service undertaken? How many of those evaluations have determined that specific functions or activities would be better provided by non-governmental personnel?

Answer. Since 2001, two competitions have been conducted: for maintenance functions at Natchez Trace Parkway, and for the Southeast Archeological Center. The NPS in-house Most Efficient Organization (MEO) won both times by streamlining operations and saving funds to reinvest in other critical programs.

In addition, NPS has conducted a number of analyses following the streamlined competition procedures, but which were not formal competitions. These Preliminary Planning Efforts, or PPEs, are intended to verify whether we can achieve comparable savings without competition as would likely be achieved through competition. In all our PPEs, the in-house MEO was selected. These PPEs included:

- Golden Gate National Recreation Area—maintenance. January 2004.
- Cultural Resource Center, Intermountain Region. March 2004.
- Great Smoky Mountains National Park—maintenance. July 2005.
- New York Harbor Parks—maintenance. January 2006.
- National Mall and Memorial Parks—maintenance. January 2006.
- Indiana Dunes National Lakeshore—whole park. May 2006.
- San Juan National Historic Site—whole park. May 2006.
- Boston National Historic Park—whole park. May 2006.

*Question 39i.* Given the costs associated with a competitive sourcing evaluation, does it make sense to undertake additional evaluations at the same time as you seek new funds to hire up to 3,000 new seasonal employees?

Answer. Two thousand of the seasonal employee increase request are for protection and interpretation rangers, categories that are exempt from A-76 competitions. The 1,000 that are for maintenance are needed to fill immediate needs in the parks and for the most part are filling positions that have existed in prior years. Park managers, knowledgeable of local conditions, prices, and job requirements, make decisions as to the viability of contracting for maintenance functions without the benefit of a study. In some cases, contracting is the most advantageous course and, in others, it is not. Since this funding is for temporary employees needed to meet peak

workload needs, it can be easily redirected in the future should a park manager or an A-76 evaluation determine that contracting is more cost-effective.

FISH AND WILDLIFE SERVICE

*Question 40.* How often does the Fish and Wildlife Service inspect oil and gas operations in units of the National Wildlife Refuge System? What are the applicable bonding or financial assurances requirements for such operations?

Answer. The frequency of inspections varies from refuge to refuge, depending on the nature and extent of the oil and gas activity, available staffing, and level of (or potential for) environmental damage from the oil and gas activity. Refuge managers are faced with a multitude of refuge responsibilities, including addressing contaminants, invasive species, water quality and quantity, law enforcement, visitor services, safety, wildlife values, marine resources, wetland management, endangered species management, refuge maintenance, human encroachment, wildlife diseases, air quality and fire management, to name a few. At those refuges with active oil and gas production, all of these activities must compete with management of oil and gas activities.

FWS policy requires a performance bond or certificate of insurance for exploration, development and production activities. A performance bond is a measure of insurance for the FWS that the operator will comply with the terms and stipulations of the approved plan of operations and Special Use Permit, if one is required. If an operator possesses an existing state or national bond of sufficient coverage, a new bond may not be required. FWS identifies potential costs involved, should it become necessary for FWS to pay for restoration of damaged areas. These costs should be fully covered by the performance bond or certificate of insurance. Documentation of the existence of the required bond or certificate and its coverage of the service is submitted to the project leader prior to issuance of a Special Use Permit. The amount of the operator's bond is the estimated reclamation cost, plus the liability amount.

In addition, oil and gas companies have several options for mitigating damage and restoring surface lands on National Wildlife Refuges, including:

- Repairing all damages caused by exploration and development activities;
- Contracting with a third party to repair all damages caused by mineral activities; and
- In Louisiana and Texas, providing funds to FWS in an amount sufficient to cover the cost of repairing damage that has occurred or is reasonably expected to occur as a result of oil and gas activities.

Finally, language in the FY 2000 Appropriations Act provided FWS with the authority to accept funds for site-specific damages caused by oil and gas activities to refuge lands in Louisiana and Texas. These funds can be collected and held for assessed damages and for anticipated damages from oil and gas exploration. These funds were designated for completing damage assessments of affected sites, mitigating or restoring damaged resources and monitoring and studying recovery of damaged resources, and are to be used to implement actions that affect restoration and enhancement of affected habitats or to mitigate the damages through restoration or improvement projects in other habitats and sites on the refuge.

*Question 41.* What authority does the FWS have to oversee oil and gas operations on units of the National Wildlife Refuge System? Is there funding requested for this in the President's budget? If so, at what level? Please provide the level of budget request and actual appropriations for FWS oil and gas activities for the past 10 fiscal years.

Answer. FWS's authority for overseeing leased oil and gas is the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd-ee) and, in Alaska, section 1008 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3148). Generally, leasing has been restricted by regulation to those situations involving drainage and when concurred in by the Director (43 C.F.R. 3101.5-1 and 3100.2). Where private interests own the subsurface or mineral rights on these lands, FWS's authorities are section 6 of the Migratory Bird Conservation Act (16 U.S.C. 715e) and the National Wildlife Refuge System Administration Act.

FWS supports its oversight through the employment of three dedicated personnel that manage its oil and gas activities; one national coordinator and two field personnel. FWS is also investigating the best management practices of the NPS Geologic Resources Division, which manages 700 wells on NPS lands, and has implemented training for employees managing oil and gas on refuge lands. FWS is currently finalizing an oil and gas handbook to assist field personnel with managing oil and gas activity.

For refuges, there is no funding in the FY 2008 budget for oil and gas activities beyond the base management funds. Oil and gas activities on refuge lands are monitored by refuge personnel who are funded out of those funds. There have been no separate requests or appropriations for FWS oil and gas activities in the past.

BUREAU OF INDIAN AFFAIRS

*Question 42.* It is my understanding that BIA uses “historical precedent” as the basis for the distribution of public safety funding.

Please explain in detail how the current formula is determined? Why doesn’t the BIA use an objective formula for the distribution of public safety dollars that takes into account on-reservation population, land area, crime rates and economic situations?

*Answer.* When law enforcement funding was moved out of Tribal Priority Allocations in FY 1999, it retained the underlying base funding amounts by tribe/location. The tribes determined, with BIA concurrence, that the levels of funding in place at the time represented the most accurate reflection of collective need across the nearly 200 tribal law enforcement programs. In the following years, numerous tribal consultations and studies were undertaken in pursuit of a more equitable or effective distribution methodology for the base funding. Efforts revealed that every proposed formula re-distribution of base funding created significant areas of concern for some tribes, and none would achieve a greater level of accuracy in meeting tribal-specific needs across the board.

In the past few years, as data collection and reporting capabilities of tribes have improved, funding increases have been requested by BIA to specifically address high crime areas in Indian country. Clearly, the distribution methodology used would be critical to accomplishing the purpose of the additional funding. As a result, the BIA undertook an analysis of all law enforcement agencies in Indian country based on the following criteria to determine levels of need:

- Population to officer ratios compared to similarly located programs,
- Presence of methamphetamine and other illegal drugs within the community,
- Crime rates, especially violent crimes, compared to national averages, and
- Proximity to international borders.

The BIA used this analysis to determine the distribution of \$3.9 million in additional funding provided by Congress in 2006, and intends to use a similar methodology to distribute future funding increases.

Currently, all BIA law enforcement funding is distributed in accordance with this two-tiered methodology, which includes a base component to ensure the varied needs of individual tribes are met with resource stability, and an incremental component to target funding increases to the areas of greatest emerging need.

*Question 43a.* In 2004, the Department of Interior Inspector General issued a scathing report “Neither Safe Nor Secure” which outlined the deplorable condition of detention facilities throughout Indian Country. The report stated that, “BIA’s detention program is riddled with problems and, in our opinion, is a national disgrace with many facilities having conditions comparable to those found in third-world countries. In short, our assessment found evidence of a continuing crisis of inaction, indifference, and mismanagement throughout the BIA detention program.”

The 2004 Report issued recommendation #16, which stated that Department of Interior and BIA should develop strategic plans for jail replacement and renovation, and that DOI should assist BIA in developing a comprehensive needs assessment to ensure jails are built and sized appropriately.

In the three years since Report has been issued, has DOI conducted a comprehensive needs assessment and developed a strategic plan for jail replacement, including how many additional detention facilities are needed in Indian Country and the criteria for determining the priority for constructing these facilities?

*Answer.* A strategic plan for repairs and renovation of detention facilities has been created. The BIA has hired a contractor to assist the BIA in determining long range planning strategies for the future of the detention center program.

*Question 43b.* How much funding has DOI provided for jail construction since the Report was issued, and how does DOI propose to fund future detention facility construction to implement the Inspector General’s recommendations?

*Answer.* Construction of new detention facilities in Indian country is funded through Department of Justice grants to tribes; not within BIA’s budget. The BIA manages a Public Safety and Justice (PS&J) Facility Improvement and Repair (FI&R) program that funds multiple major and minor FI&R projects at BIA owned detention centers each year. In response to the Inspector General’s report published in 2004, funding for this program was increased from \$1.4 million in 2004 to \$3.8

million in 2005, and increased an additional \$4.3 million in 2006. The PS&J FI&R program is currently funded at \$8.1 million. Total funding for this program from FY 2005 through the FY 2008 request is over \$28 million and supports prioritized FI&R projects that will provide for full rehabilitation of 10 detention centers in Indian country.

Planned PS&J FI&R projects are listed in priority ranking order within the BIA FY 2008—2012 Five Year Deferred Maintenance and Construction Plan published in the FY 2008 Indian Affairs Budget Justification beginning on page IA-CON-SUM-11.

#### DOI STAFFING LEVELS

*Question 44.* How do you see Department of the Interior bureaus working with the Department of Homeland Security to protect the environmental resources and cultural heritage of the borderlands?

Answer. The Departments of Agriculture and the Interior signed a Memorandum of Understanding (MOU) with the Department of Homeland Security in March 2006. The MOU integrates three Departmental missions to accomplish one goal of securing the border. It facilitates Border Patrol access to Federal public lands and improves their ability to gain operational control of the border while protecting environmentally sensitive lands. The MOU improves communication and cooperation between all three Departments.

To assist in accomplishing the border security mission, Interior has established a border coordination office in Tucson, AZ to cover the entire southwest border and in Boise, ID to cover the Canadian Border. The Border Coordinators assigned to these offices are the points of contact for the Border Patrol, Interior agencies, and other border entities to ensure we are coordinating on issues relevant to the border such as infrastructure installation, deployment of resources, information sharing, developing joint law enforcement operations, and addressing environmentally sensitive issues. These positions have proven invaluable to ensure we are protecting the sensitive ecosystems while securing our borders.

*Question 45.* Have DHS infrastructure requests impacted DOI work loads? If so, how?

Answer. DHS infrastructure requests do result in increased DOI workloads as we ensure compliance with applicable environmental law, regulation, and policy including, but not limited to the Wilderness Act, the National Environmental Policy Act and Endangered Species Act. Under the MOU discussed above, we are working with DHS to secure borders while at the same time protecting Federal public lands.

*Question 46.* I am concerned that local BLM, Fish & Wildlife and other DOI offices might not be able to work quickly enough to keep DHS projects on track. It is my understanding that border DOI offices need more employees to work on permitting and compliance issues for DHS infrastructure projects. In southern New Mexico for example, DHS currently wants to add two forward operating bases on BLM land, a radio repeater in a Wilderness Study Area, miles of vehicular barrier, and new roads. DHS also plans to roll out numerous camera towers and sensors as part of the Secure Border Initiative. The Las Cruces BLM office, which serves southern New Mexico, has gone from 80 full-time employees a few years ago to approximately 68 now. Recent lost full-time jobs include positions in realty, engineering, range science, wildlife, GPS, administration and archeology. Will this budget allow for the timely completion of DHS-related work southern New Mexico and other states?

Answer. As mentioned in this question, various security efforts are underway in the border area, including the identification of infrastructure needs ranging from the construction of roads, barriers, lights, and surveillance systems, to the development of staging areas, forward operating stations, and training facilities. Environmental assessments have been initiated for these projects. In order to address the staffing requirements that are necessary to continue work on these important initiatives, the BLM, along with other Federal agencies, is developing a long-term budget strategy for implementation of the MOU with DHS, and to address other environmental mitigation and restoration efforts.

*Question 47.* Would full-time but temporary hires of four to five years allow for the completion of DHS-related projects? Once the amount of infrastructure requests begin to taper off office numbers could begin to go back to current numbers.

Answer. As noted above, the BLM, along with its Federal partners, are developing a long-term budget strategy to help the Agency implement its MOU with DHS. We are willing to explore and discuss all options, including the use of temporary employees, for addressing staffing needs to complete these projects. While certain work can easily be accomplished using temporary employees, realty work requires exper-

tise which is gained primarily through work experience and formal training. A temporary assignment for an experienced realty person may not attract qualified applicants.

*Question 48.* It's my understanding that DHS has funded a limited number of temporary DOI positions to help keep a back log of DHS-related work from forming. What's your view on such a relationship between the agencies? Are there barriers to DHS funding DOI work?

*Answer.* We are not aware of any such arrangement between DOI and DHS, but we would be supportive. The monetary support would allow the DOI to provide timely responses in support of DHS infrastructure needs, and help both agencies to serve their statutory roles with respect to the protection of public lands. There are similar reimbursable agreements between the Federal Highway Administration and the resource agencies, such as the Fish and Wildlife Service and the Advisory Council on Historic Preservation (ACHP), which review transportation plans. ACHP also has reimbursable agreements with the Department of the Army and other agencies.

#### ORIENTATION/EDUCATION

*Question 49.* Over the next two years thousands of National Guard soldiers will be spending periods of time along our nation's border as part of Operation Jump Start, some soldiers stay months, some stay a matter of weeks. Thousands of new Border Patrol agents are being deployed every year. New National Guard and Border Patrol units need to be trained on orientation and compliance. They need to learn about DOI-related regulations and need to learn the location of WSAs and the habitats and locations of endangered species. BLM has provided some of this training but is strained to do so. In southern New Mexico for instance there are only two rangers who do this with National Guard soldiers coming and going regularly. Should this orientation work be a priority?

*Answer.* Training is an integral part of ensuring environmentally sensitive lands are recognized and protected to the extent possible while securing our nation's border. The BLM and other Federal land management agencies have provided training for Border Patrol agents and continue to do so. In addition, the land management agencies have developed materials for Border Patrol agents to use during their "musters," the short meeting held before any new shift of field agents goes on duty. This "train-the-trainer" model gives the Border Patrol the tools to continue educating their personnel about the sensitive environment in which they are working and how to best protect public lands.

One initiative the Border Patrol has implemented is their Public Lands Liaison Program, a training program in part. They have designated one agent in each of their 20 Sectors as the Public Lands Liaison Agent. This agent receives in-depth training on relevant environmental law and regulation and acts as the primary point of contact in each Sector for all Federal land management agencies. This helps to ensure the Border Patrol maintains awareness of environmental issues and increases communication and cooperation between agencies along the border.

#### SOLID WASTE

*Question 50.* One southern New Mexico rancher told my office in 2005 that a regular group of deer hunters said that they were leaving his land because "it's full of trash." This is land that has been ranched by this family for generations. The situation has only deteriorated since 2005. I've heard of solid-waste clean-up plans in Arizona. Are there plans in place to clean up immigration-generated waste along the entire border?

*Answer.* No border-wide plans are currently in place, but DOI and DHS are concerned about the problem and considering proposals to document trash sites, abandoned vehicles, and illegal roads and trails in order to facilitate the cleanup of these sites on public lands. Any cleanup of private lands would require coordination with appropriate parties.

#### ABANDONED MINES

*Question 51.* In late January 2007 an undocumented immigrant from Mexico fell into a mine shaft in Luna County, New Mexico. He was rescued by Border Patrol agents. Some agents acknowledge that it could have just as easily been one of them that fell into the mine. Is the DOI addressing this issue?

*Answer.* The January 20, 2007 accident involving an undocumented immigrant who fell into an abandoned mine shaft occurred on state lands in Luna County, New Mexico.

While this particular accident did not occur on BLM lands, we recognize the need and importance of Abandoned Mine Land (AML) remediation on public lands. The

BLM is presently identifying its high-use lands in order to establish priorities for future safety-related actions. The BLM also is focusing on better education and outreach to alert the public to the dangers of AMLs. The BLM is participating in the Department of Labor's Mine Hazard Awareness Campaign. This is a cooperative Federal, State, and private educational effort aimed at school-aged children and their parents which warns of the dangers of entering abandoned mines. The BLM has also published and distributed an AML safety brochure, and has addressed AML safety hazards on its AML website.

INDIAN EDUCATION AND CONSTRUCTION

*Question 52.* To follow up from our discussion during the hearing, I strongly support the Department's efforts to improve education in Bureau-funded schools. However, I am concerned that while there are funding increases in certain areas of the BIA education budget, the significant cuts in other areas, including Johnson O'Malley (JOM) grants, post-secondary scholarships, and Indian school construction, appear to counter the Department's stated objective.

With regard to the proposed elimination of JOM, have you confirmed that schools getting JOM grants can successfully substitute Title 7 Part A grants to LEAs? Is there enough funding in Title 7 to completely replace the more than \$24 million in funding lost by JOM?

Answer. Public school districts will continue to be funded by Title I, Part A and Title VII—Indian Education Act (Public Law 107-110) programs through the Department of Education. Johnson O'Malley (JOM) funds are supplementary funds and do not supplant other federal, state or local funds. These supplemental education programs offered by the Department of Education will continue to provide replacement services previously funded by the JOM program. Funding under Title I Grants to Local Educational Agencies (CFDA No. 84.010) authorized by the Elementary and Secondary Education Act of 1965 (ESEA) and Indian Education Grants to Local Educational Agencies (CFDA No. 84.060) authorized by the ESEA will still be available to local education agencies.

*Question 53.* Has the Department evaluated how cuts to post-secondary scholarships will impact Native American students' ability to attend college?

Answer. The Bureau of Indian Education (BIE) analyzes trends from data made available through the Tribal Priority Allocations (TPA) report mechanisms, and in turn, estimates the number of applications we anticipate. Based on such analysis, the BIE anticipates that the grant award amounts for the FY 2008 will remain at the same level, realizing a decrease in the number of applications from the previous year. Any significant shift from these numbers can be countered by a slight adjustment in grants awarded to individual tribal members by tribal education agencies. In addition, the Financial Needs Analysis conducted by the colleges and universities will be used to determine student needs and will also offset such changes by substitution of other available monies.

*Question 54.* In addition to the written response you asked to provide me for my question regarding cuts to education construction funds, please make available to my office, as provided by the Native American Education Improvement Act of 2001, the "long-term construction and replacement list for all Bureau-funded schools 25 U.S.C. 2005(d)(2)(A)," and the "list for the orderly replacement of all Bureau-funded education-related facilities over a period of 40 years" 25 U.S.C. 2005(d)(2)(B). If these are not available, please explain why and when you plan on making them available.

Answer. The lists are not available at this time. A rule must be issued to determine the criteria for determining which facilities are to be included on the lists. The Department is working with stakeholders to determine the proper process for issuing the rule; in particular, whether it will be feasible to convene a negotiated rulemaking team. We expect a determination of the type of rulemaking process to convene in the fall.

*Question 55.* Please also provide my office with the latest updated data from the "Facilities Information Systems Support Database" 25 U.S.C. 2005 (a)(6). Has this been made available to Congress and when was it last updated?

Answer. Once the rule discussed in the answer to question 54 is published, the Bureau of Indian Affairs (BIA) will conduct an assessment of Bureau-funded schools and will enter that information into the BIA Facilities Management Information System. The lists will then be generated and copies will be provided as mandated within Public Law 107-110.

## INDIAN WATER RIGHT SETTLEMENTS

*Question 56.* In 2004, the President signed into law the Arizona Water Settlement, which will cost at least \$2.2 billion over the next 40 years. He also signed the Snake River Settlement with an estimated cost of \$193 million. In its testimony before Congress, the Administration was supportive of both settlements and did not raise issues having to do with liability, local cost-share, or overall cost. These issues have been raised with respect to the New Mexico settlements. Please detail the basis for treating the New Mexico settlements differently from the settlements just mentioned. Please document the state/local cost-share involved in each of these settlements.

Answer. The Administration's analysis of Indian water rights settlements is predicated upon the "Criteria and Procedures for the Participation of the Federal Government in Negotiations for the Settlement of Indian Water Rights Claims" (55 FR 9223). With respect to Federal contributions, the Criteria and Procedures provide that Federal contributions to a settlement should not exceed the sum of the calculable legal exposure and additional costs related to Federal trust or programmatic responsibilities. Of particular interest to the Administration in determining calculable legal exposure is the liability facing the United States if no legislative settlement is reached.

The settlements referenced in this question can be distinguished from the New Mexico settlements as currently proposed in terms of either the calculable legal exposure or the Federal programmatic responsibilities that are implicated. The Arizona Water Rights Settlement Act concluded a lawsuit over the financial repayment obligation of Arizona water users for the Central Arizona Project (CAP), with significant amounts of money at stake, as well as settling several state-wide water rights adjudications. Moreover, as part of the Arizona Water Rights Settlement Act, a mechanism was put in place to address New Mexico's water rights claims in the Upper Gila Basin. We further note that the Administration's testimony on the Arizona Water Settlement Act raised the issue of cost directly. Administration testimony delivered to the Senate Energy and Natural Resources Committee on September 30, 2003, and to the House Resources Committee Subcommittee on Water and Power on October 2, 2003, expressed concern that "[t]here are . . . numerous costs . . . which the United States does not believe are reasonably related to the costs avoided and benefits received." The Snake River Act settled outstanding state-wide litigation and provided all of the parties with certainty in the implementation of programs consistent with the Department's obligations under the ESA.

The Guidelines represent the policy of the Administration, but the Administration evaluates each proposed settlement individually. Just as we did for each of the water settlements mentioned in this question, we are evaluating the New Mexico settlements in their unique contexts to determine to what extent each proposed settlement is consistent with our programmatic objectives and our responsibility to American taxpayers as well as our responsibility to protect the interests of the Pueblos and the Navajo Nation.

That having been said, it is difficult to "document" the state/local cost share in Indian water rights settlements. If the state/local cost share is considered in terms of cash contributed, the settlement statutes speak for themselves. The value of state/local in-kind contributions, relinquished claims to Bureau of Reclamation Project water, contributions of the expertise of state agencies, and co-management opportunities is considerably more subjective and intangible. The Department would need to explore these questions with the States of Arizona and Idaho and the various local parties involved in the two settlements before embarking on documentation of cost share.

*Question 57.* The Administration's testimony in both the Idaho and Arizona settlements justify a large federal contribution, in part, due to existing programmatic responsibilities. The Snake River settlement testimony specifically references a BIA program to support the tribe's domestic water and sewer systems. How do these programmatic responsibilities apply to the New Mexico settlements? How much programmatic funding (not funding from the Land & Water Settlement Fund) has BIA provided in each of the last 5 years for tribal domestic water and sewer systems (not simply for studies)?

Answer. BIA does not have a program providing funding for tribal domestic water and sewer needs in New Mexico. Other Federal agencies, such as the Indian Health Service under the Department of Health and Human Services or the Environmental Protection Agency, may have related programs.

## BUREAU OF RECLAMATION

*Middle Rio Grande*

*Question 58.* The FY08 budget appears insufficient to ensure compliance with the existing biological opinion governing water operations in the Middle Rio Grande (MRG). What is the most recent cost estimate for complying with that biological opinion? What is the cost for complying with the work plan associated with the MRG ESA collaborative program? What is the cost estimate for complying with the ESA recovery plan for the MRG? Is there overlap between these 3 initiatives? If funding for MRG ESA activities is limited to the request in the FY08 budget, is there a danger of non-compliance with the reasonable and prudent alternative in the 2003 biological opinion?

*Answer.* The most recent cost estimate for complying with the 10-year 2003 biological opinion (BiOp) was estimated in 2004 at a total cost of \$233 million.

The Long Term Plan of the MRG ESA Collaborative Program estimates a total cost of \$233 million from 2005-2014. For FY2008, a total of \$28 million is identified in the Long Term Plan for Collaborative Program activities.

The U.S. Fish and Wildlife Service has primary responsibility for developing recovery plans. Reclamation participated in preparing recovery plans for the Southwestern willow flycatcher and the Rio Grande silvery minnow. The revised silvery minnow recovery plan is still in the draft stage, and a final is expected by the end of FY 2007. Recovery plans do not require any mandatory action by any federal agency, including BOR; however, they outline specific actions and measurable criteria to achieve downlisting and delisting. Overall cost estimates exist, but recovery plans for the minnow and flycatcher encompass more than the Middle Rio Grande and costs specific to MRG have not been specifically defined. BiOp compliance actions and the Collaborative Program are consistent with the recovery plans.

There are strong interrelationships among 2003 BiOp compliance, the MRG ESA Collaborative Program and Recovery plans for the minnow and flycatcher. Some of the 2003 BiOp requirements are included within the scope of the Collaborative Program. Implementing activities of the Collaborative Program and the requirements of the 2003 BiOp both contribute to recovery. The FY08 budget takes these areas of overlap into account and assumes simultaneous progress in each area.

The request in the FY08 budget anticipates continued participation, as agreed, by all Federal and non-Federal partners for the non-water supply-related activities of the Collaborative Program such as minnow rescue, species and water quality monitoring and research, and habitat planning, construction, and monitoring activities.

*Question 59.* A couple of years ago, the Department entered into a new agreement with the Middle Rio Grande Conservancy District (MRGCD) to perform operations, maintenance, and betterment work on the irrigation facilities serving Pueblo lands. MRGCD is to develop annual work plans pursuant to this arrangement. Is the Department consulting with the Middle Rio Grande Pueblos and conducting oversight to ensure that the annual work plans are being carried out in a manner that benefits the Pueblos? How much funding has the Department provided to MRGCD in each of the last 3 years under this agreement? Is the BIA providing any funding directly to the Pueblos to rehabilitate their irrigation systems? If so, how much has the BIA provided in each of the last 3 years?

*Answer.* The Department consults with the six Pueblos affected by the MRGCD and monitors work done by the MRGCD in accordance with annual work plans to ensure that benefits accrue to the Pueblos. In the last three years, the Department has provided the following funding to the MRGCD under the agreement to provide operations, maintenance, and betterment work described in this question: FY 2004—\$450,000; FY 2005—\$730,051; FY 2006—\$1,400,000.

No funding has been provided directly to the individual Pueblos, but BIA's Southern Pueblos Agency expended \$35,000 per year in Fiscal Years 2004, 2005, and 2006 to make limited infrastructure improvements to the six Middle Rio Grande Pueblos' systems.

*Rural Water Projects*

*Question 60.* The Rural Water Supply Act was recently signed into law. Does the Bureau of Reclamation have funding in FY07 to begin implementing the program and developing the criteria called for in the law? What role will the Department of Agriculture play in helping Reclamation implement the loan guarantee title of the law?

*Answer.* Implementation of P.L. 109-451 is a priority for Reclamation and we are moving ahead with an action plan to implement the program including the development of criteria. While no funds were specifically included in the FY 2007 Continuing Resolution, we have formulated our operating plan consistent with guidance

issued by the Office of Management and Budget. On February 15, 2007, OMB issued Memorandum 07-10 which provided guidance to Departments and agencies on the development of operating plans. Based on this guidance, our plans incorporate funding for program and projects that were selected as a result of merit-based and competitive allocation processes.

USDA has already provided significant assistance in implementation of the program. The open communication and discussion between our two agencies will prove invaluable in getting this program up and running. Currently, we are consulting with USDA regarding loan guarantee administration. They are taking an advance look at our proposed rules as required by Section 209a of the Act and will serve to ensure our programs are consistent where they can be. For example, our default timelines will parallel theirs, and their forms will be slightly modified for use in our program. Section 209b of the Act requires the Secretary to enter into a MOA with USDA for provision of appraisal and other administrative functions associated with the Loan Guarantee Program. Discussions with USDA regarding the specific functions they may assist are ongoing.

*Question 61.* The Bureau of Reclamation's budget for rural water projects is exceedingly inadequate, with potential serious implications for a number of communities. Most egregious is the elimination of funding for the Fort Peck project and the North Central Montana project. Fort Peck was funded at \$16 million in FY'06 and is due to receive another \$5 million in FY'07. What are the implications on the ground if Reclamation's attempt to zero out funding for this project actually happens? How does Reclamation justify its budget from a project management perspective? Won't Reclamation's budget result in adding additional cost to the Project by starting and stopping design and construction activity?

*Answer.* As discussed in the previous answer, the Reclamation operation plan for FY 07 has been developed in accordance with the guidance contained in OMB Memorandum 07-10. Year-to-year variability in the availability of Federal funds can in some cases result in increased overall project costs. The uncertainty of the Federal budget process, and the resulting year-to-year variability in appropriated funds for authorized rural water projects, has been a problem for many rural water projects that have difficulty competing for scarce Federal funding. The Rural Water Supply Act enacted last year should help to prevent this scenario from recurring by ensuring that proposed rural water projects are guided through the program's planning process under a consistent set of eligibility criteria, including appropriate local cost shares.

*Question 62.* Under the FY'07 funding resolution and the FY'08 budget, does the Bureau of Reclamation have funding to work with the Eastern New Mexico Rural Water Authority to comment on and evaluate engineering plans and designs? Reclamation previously did some analysis related to the Authority's ability to pay for a rural water project. What is the status of that work?

*Answer.* Reclamation can assist the Authority to a limited extent. However, there is no funding specifically for the project in either the FY 2007 resolution or the FY 08 President's request. Reclamation completed a capability and willingness to pay analysis for the proposed project in 2003. This analysis is included in Smith Engineering Company's Conceptual Design Report. This analysis was done for an earlier version of the project that included deliveries to Tucumcari and Quay County which have since withdrawn. The Authority presently has a consultant, RBC Capital Markets, working on a financial analysis and plan. Reclamation has continued to provide technical assistance and advice to the Authority and consultant on a limited basis.

*Question 63.* The President's Fiscal Year 2008 budget request includes \$55 million to complete ongoing rural water projects. The Committee is particularly interested in the ongoing Municipal, Rural and Industrial (MR&I) systems for the Pick Sloan-Missouri River Basin. Accordingly, please provide a list of ongoing and completed Department of Interior, Bureau of Reclamation rural water supply projects. For each rural water supply project include total estimated project cost, the percentage of federal grant funds, percentage of federal loan funds, percentage of non-federal grant funds, and percentage of non-federal loan funds

*Answer.* As far as the Department of the Interior is aware, all federal funding provided to these projects is in the form of federal grant funds. The Bureau of Reclamation does not provide any Federal loan funding. We do not track non-federal grants or loans; these would be applied for and obtained by the project sponsor in order to fulfill the required non-Federal cost share. There is no set percentage of grant funding given each year. The amount of grant funding varies each fiscal year depending on appropriated funding and the work to be completed each year.

## RURAL WATER—GP REGION

[Dollar Amounts in Thousands]

Project	Total Estimated Cost (Federal) <sup>1</sup>	Total Estimated Cost (Non-Federal)	% of Fed/Non-Fed Cost Share <sup>2</sup>
Fort Peck Reservation/Dry Prairie RWS.	\$252,061	\$23,493	Tribal System: 100/0 Dry Prairie System: 76/24
Fort Peck County Rural Water Supply System (Project Completed).	\$5,800	( <sup>3</sup> )	75/25
Garrison Diversion Unit .....	\$450,877 + \$294,798	\$300,000 ( <sup>3</sup> )	State MR&I: 75/25 Indian MR&I: 100/0
Mid-Dakota Rural Water System (Project Completed FY 2006).	\$148,465	\$9,670	75/25
Mni Wiconi Rural Water Supply Project.	\$446,967	\$17,456	Tribal: 100/0 Non-Tribal: 80/20
Lewis & Clark Rural Water System.	\$345,529	\$96,006	Rural Customers: 80/20 Incremental Costs of Sioux Falls: 50/50
Perkins County Rural Water System.	\$23,964	\$7,997	75/25
North Central MT Rural Water Supply System.	\$258,415	\$33,888	Core System: 100/0 Non-Core System: 80/20

<sup>1</sup>Total Estimated Cost is based on 10/2007 prices (FY 2008 Justifications). Includes indexing where authorized.

<sup>2</sup>Based on authorized legislation.

<sup>3</sup>Not applicable.

#### Site Security

*Question 64.* The FY'08 budget assumes that the costs associated with guard and patrol activities (\$18.9 million) will be treated as project O&M costs, subject to reimbursement by water and power users based upon project cost allocations. In FY'06, Congress limited the reimbursable portion of security costs to \$10 million. How was the \$10 million allocated? How much of the FY'07 security costs will the Bureau of Reclamation seek reimbursement for?

Answer. Reclamation collects reimbursable guard and patrol costs in accordance with project allocations. To comply with the \$10 million ceiling imposed by Congress, Reclamation reduced the amount that it billed for guard and patrol costs proportionately across all beneficiaries. In FY 2006, the \$10 million reimbursable guard and patrol costs were collected as follows: \$ 6.1 million in direct up-front funding from power customers and \$ 3.9 million in appropriated project O&M funds from irrigation, M&I, and other water users. The Bureau of Reclamation proposed collecting the full \$18.9 million in its FY 2007 budget request, and is now in the process of evaluating how much it is authorized to collect under the FY 07 continuing resolution.

#### Colorado River

*Question 65.* Legislation was enacted in the 109th Congress to expedite the lining of the All-American Canal and to authorize construction of a "Drop 2" regulating reservoir on the lower Colorado River. What was the impact of that legislation and what is the current status of those projects? How will each of those projects be funded? How will the water stored and saved in the Drop 2 reservoir be allocated under existing law?

Answer. The question of the effect of recent legislation regarding the All-American Canal is currently pending before the 9th Circuit Court of Appeals. This matter has been fully briefed by all parties, and the Court held oral arguments on the issue on February 21, 2007. We expect the Court to issue a decision that will interpret the impact of the legislation shortly. In the meantime, implementation of the All-American Canal lining project remains on hold under the terms of a temporary injunction issued by the 9th Circuit in August 2006. Enacted language regarding construction of the "Drop 2" regulating reservoir is similar enough to the language on

the All-American Canal that the Court's decision may contain analysis that could be applicable to both projects. Section 203(e) of the San Luis Rey Indian Water Rights Settlement Act provides that "no Federal funds are authorized" for the All American Canal lining project, and funding is being provided by participating contractors who would benefit from the water that would be conserved as a result of the project. Similarly, the Department anticipates that funding for the Drop 2 reservoir will be available from the beneficiaries of that reservoir. We are currently in discussions with the lower basin States of Arizona, California, and Nevada regarding allocation of water that would be conserved by the reservoir.

*Question 66.* What is the status of the Bureau of Reclamation's plan to establish shortage-sharing and coordinated operation criteria for the Colorado River? Have the 7 basin states finalized an agreement signing on to these criteria?

*Answer.* On February 28, 2007 the Department of the Interior published a Draft Environmental Impact Statement (DEIS) on Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead. We announced this publication in the Federal Register and posted the DEIS on our website at <http://www.usbr.gov/lc/region/programs/strategies.html>. The Federal Register notice opened a public comment period on this effort. We have not received final input from the States regarding the proposed shortage guidelines and coordinated operating criteria, but we are anticipating that we will receive additional comments from the States before the public comment period closes on April 30, 2007.

#### *Climate Change*

*Question 67.* Has the Bureau of Reclamation, as part of its need to manage its projects in the face of ongoing climate change, evaluated what activities and information are necessary to be able to utilize existing global climate models on a regional basis to help identify changes in temperature, precipitation patterns, and overall water supply? Through its Research and Development Program, what specific innovative tools is Reclamation evaluating for water supply forecasting and assessing risk to water delivery from climate change?

*Answer.* Reclamation's R&D Office, in coordination with our regional offices, is taking a look at the best and most practical ways to address challenges posed by climate change. This effort is intended to help Reclamation to be as forward-looking as possible, within the limitations of available data and uncertainties. The effort will focus on understanding risks, impacts, opportunities, and develop strategies that help us be flexible, adapt to and manage climate change influences, instead of reacting to change after the fact.

As part of this effort, Reclamation is also assisting in forming collaborative teams with the climate science and water management expertise at other federal agencies, universities, states, and local entities. Collaboration and a focus on problem solving will be keys to ensuring that the entire Western water scientific and water management community responds effectively to the water management challenges of the coming decades.

#### *CVPIA*

*Question 68.* Please explain how the Bureau of Reclamation determines the annual charge to be paid by water contractors in the Central Valley Project—including base charges and surcharges. What are those charges in FY'07 and what will they be in FY'08? Please describe the process by which Reclamation determines what restoration projects to fund on an annual basis. What are the restoration priorities?

*Answer.* According to the Central Valley Project's irrigation and municipal and industrial ratesetting policies, as approved by the Secretary, water rates per acre-foot are developed for each water contractor based on the estimated cost of providing water to a specific contractor and that contractor's historical deliveries. The estimated costs include: (1) main system facility (capital) costs, (2) annual O&M costs, and (3) applicable interest costs. Water contractors are required to pay for each month's estimated water deliveries two months in advance.

In addition, Public Law 106-377, Appendix B, Section 203 requires Reclamation to assess and collect \$162,000 (30% of \$540,000) annually, indexed for inflation, from CVP water contractors for remittance to Trinity PUD. The current indexed assessment being collected from water contractors is about \$195,000 or 11 cents per acre-foot.

The Restoration Charge (Section 3407(d) of the Central Valley Project Improvement Act, Public Law 102-575 (Act)) requires annual indexing (Consumer Price Index Urban) of the October 1992 prices levels for agriculture (\$6.00 per acre-foot) and municipal and industrial (M&I) (\$12.00 per acre-foot) water sold and delivered by the Central Valley Project (CVP). The Friant Surcharge (Section 3406(c)(1) of the

Act) is directed only to those water contractors receiving water from the Friant Division of the CVP; and is not indexed annually, but based on three tiers identified therein (\$4.00, \$5.00 and \$7.00 per acre-foot).

The FY '07 Restoration Charges are \$8.58 per acre-foot and \$17.15 per acre-foot for agriculture and M&I, respectively. The FY '08 Restoration Charges have not been calculated yet, however, based on past results, it is expected to increase by 3 percent in FY '08 resulting in charges approximating \$8.84 per acre-foot and \$17.67 per acre-foot for agriculture and M&I, respectively. The Friant surcharge for FY '07 and FY '08 is \$7.00 per acre-foot for agriculture and M&I water delivered.

Furthermore, Section 3407(d)(2)(A) of the Act provides for an additional annual charge for CVP water sold or transferred for M&I purposes to any entity which has not previously been a CVP contractor. The FY '07 charge is \$35.74 per acre-foot and the FY '08 charge would be approximately \$36.81 per acre-foot.

Numerous meetings occur among restoration program managers and stakeholders (e.g., the Restoration Roundtable) to determine which programs are put forth for consideration by agency decision makers. "Out year" proposals and budgets are prepared by Program Managers, reviewed at several levels within the agencies, then programs and funding are decided upon by the Regional Director of the Mid-Pacific Region and the Manager of the California-Nevada Office of the Fish and Wildlife Service.

Reclamation and the Fish and Wildlife Service consider the doubling of anadromous fish as required under Section 3406(b)(1) to be the top CVPIA Restoration priority. The second priority is providing water and infrastructure to the Central Valley Wildlife Refuges as required under Section 3406(d).

#### *Desalination*

*Question 69.* Has the Bureau of Reclamation completed its business plan for operating the Tularosa desalination facility? If so, can you please supply a copy to the Committee? What guidelines exist to determine the priorities for desalination research? Will Reclamation use the Desalination and Water Purification Technology Roadmap? How will Reclamation work with the public and private entities to ensure that any research efforts are likely to be applied in the field and address the needs facing many communities in the West?

Answer. Reclamation delivered a copy of the business plan to Senator Domenici in June 2006. We would be happy to transmit another copy for the Committee.

Reclamation has entered into a contract with the National Academy of Sciences to evaluate the current status of desalination technologies; industry progress in adapting, maturing, and implementing these technologies; future research needs, and the appropriate federal and non-federal roles to address future needs. This will build upon the Desalination and Water Purification Technology Roadmap. Reclamation will use both of these reports to collectively evaluate needs and to guide Reclamation's research strategies. Reclamation also considers input from other federal and non-federal desalination consortiums and organizations in determining research objectives and priorities that are consistent with our overall guiding principal and goals.

Reclamation is discussing the formation of an Advanced Water Treatment Technology Team consisting of representatives from our region and area offices to help connect the research results with Reclamation stakeholders that are positioned to implement such technologies. The team would use the Research and Development Office as a focal point for planning strategies that help research results get used.

*Question 70.* Why does the Bureau of Reclamation keep moving its desalination program requests among various programs (e.g. Water 2025; Science & Technology; and Title XVI)? Does Reclamation need new authority to establish a comprehensive and structured desalination R&D program?

Answer. Section 20312 of the Fiscal Year 2007 Continuing Resolution (PL 110-5) extended the authorization for the Water Desalination Act of 1996 (42 USC 10301) through the year 2011. The primary programs involved in desalination research are the Science and Technology (S&T) Program, the Desalination and Water Purification Research Program (DWPR), Title XVI, and the Colorado River Basin Salinity Control Project (Title I). Beginning in FY 2008, no desalination research funding will be requested under Water 2025. This will help to better consolidate and administer Reclamation's desalination research. Each of these programs has unique authorities and objectives. For instance, the S&T Program and Title I fund internal research conducted in collaboration with industry and stakeholders. The DWPR and Title XVI programs fund external research grants to non-federal entities.

Each of these programs fund a niche area, consistent with program objectives, authorities, and priorities. DWPR and Title XVI have similar authorities. As such, these programs have been used interchangeably as appropriate, to help manage

issues such as the periodic expiration of DWPR authority. Although all programs operate under different authorities which have different specific objectives, collectively they have a common complementary objective of advancing desalination or advanced water treatment technologies. As such, Reclamation is placing more emphasis on improving internal coordination across these programs to assure more efficient and consistent implementation and accomplishment. The Research and Development Office will serve as the focal point for coordination activities, which also helps to ensure that Reclamation's investments in desalination research are better integrated and coordinated with the other important water resource research challenges and the multidisciplinary intersections that must be addressed to confront the Western water challenge of the 21st century.

#### *Water 2025*

*Question 71.* The Bureau of Reclamation's budget identifies \$14.5 million in available funding for Water 2025 in FY'07. How does Reclamation justify this amount given the limited funding available in FY'06? Does Reclamation have the authority to operate the program in FY'07?

*Answer.* The increase reflects the overwhelming response to the Water 2025 Challenge Grant program and the importance of focusing Reclamation's resources on the geographic problem areas in the West, or "Hot Spots," in order to prevent crises and conflict over water. Each year since the program was initiated in 2004, the number of qualified proposals received by Reclamation has far exceeded the amount of funding available. Even with limited funding in FY 2006, for example, Reclamation received more than 100 proposals for Challenge Grant funding, representing a combined request of over \$19 million in Federal funding to complete more than \$63 million in improvements across the West. In FY 2004 and FY 2005, when more funding was available for Water 2025, the combined request by applicants for Federal funding under the Challenge Grant program was between \$30 and \$35 million each year.

Reclamation has authority to implement the Water 2025 program in FY 2007 pursuant to the Revised Continuing Appropriations Resolution, 2007, passed February 15, 2007 (the "Continuing Resolution"). The Continuing Resolution provides for the continuation of the authority provided in the Energy and Water Development Appropriations Act of 2006, including the authority for the Water 2025 program that was included in Section 205 of the 2006 Act.

*Question 72.* The FY'08 budget identifies \$1.0 million for system optimization activities within Water 2025. Doesn't system optimization have the potential to yield much more water than individual infrastructure improvement projects, that can subsequently be used to address other water needs?

*Answer.* The \$1.0 million requested in 2008 will be used for the System Optimization Reviews. System optimization reviews compliment the Water 2025 Challenge Grant program by ensuring that the individual improvement projects funded through the Challenge Grant program are part of a larger planning process. Through system optimization reviews, Reclamation will enter into cost-shared cooperative agreements with districts and States to assess the potential for water management improvements in a given basin or district. The end product of a system optimization review will be a plan of action that includes recommendations and performance measures for conservation and efficiency projects having the greatest impact in improving water management, such as creating water banks, facilitating water transfers, and modernizing canals. The recommendations for on-the-ground improvements or water markets identified in the plan of action could then be used by the State or district to apply for Federal funds through the Water 2025 Challenge Grant Program.

*Question 73.* In the water conservation projects funded by the Bureau of Reclamation over the past several years, has Reclamation identified with specificity the water saved by each project, and how that saved water is being used within state law to address other needs in that river basin at issue? If not, isn't this appropriate criteria for Reclamation to consider in prioritizing funding requests?

*Answer.* The expected water savings and how that water will be used to prevent conflicts over water are key considerations in the prioritization of proposals for funding under Water 2025. Water 2025 proposals are selected through a competitive process in which proposals are reviewed and ranked by a team of technical experts, using the criteria that have been developed for the program. A summary of the Water 2025 selection criteria is available at <http://www.doi.gov/water2025/criteria.html>. In evaluating whether a proposed project is likely to prevent conflict over water, the technical review team considers how much water will be saved and the proposed use of the saved water, including whether it will be made available to other water uses and whether it will be applied to address a specific water con-

flict or issue. Once a project has been completed, the recipient is required to submit a final report to Reclamation explaining how the project was completed, stating how much water was actually saved, and how the saved water is being used.

*Columbia River*

*Question 74.* Please detail the Bureau of Reclamation's current efforts to support Salmon Recovery in the Columbia River basin. How have Reclamation's efforts been impacted by current litigation? What Reclamation facilities are involved in the effort to develop a comprehensive biological opinion for Federal Columbia River operations?

Answer. Reclamation continues to operate its projects in the Columbia River basin, including actions for ESA listed salmon and steelhead, in accordance with various biological opinions. For example, flow augmentation in the Columbia River is provided through operations at Hungry Horse and Grand Coulee dams. Reclamation also provides technical assistance in planning and designing fish passage facilities, fish screens, and actions enhancing tributary spawning and rearing habitat; and funds the acquisition of up to 487,000 acre-feet of water for flow augmentation from Reclamation projects in the Snake River Basin through leases and purchases from willing sellers.

To date, Reclamation project operations have not been altered by the remand. However, the staff effort required by the remand is diverting resources from some salmon recovery activities.

Reclamation's Hungry Horse and Grand Coulee dams are included as part of the Federal Columbia River Power System. In addition, all Reclamation projects in Idaho and Oregon above Hells Canyon are included in the remand of the Upper Snake River Basin biological opinion.

*Title XVI Water Projects*

*Question 75a.* How many pending (i.e. not authorized) Title XVI projects has the Bureau of Reclamation reviewed and determined to be feasible? Please identify those projects.

Answer. The following pending (i.e. not authorized) projects have been determined to be feasible by Reclamation: California.—Inland Empire Utilities Agency Regional Recycled Water Program, Cucamonga Valley Water District Water Recycling Project, Chino Basin Desalters (Inland Empire Utilities Agency, Western Municipal Water District), Delta Diablo Sanitation District—City of Pittsburg Water Recycling Project.

*Question 75b.* Please also identify any projects for which Reclamation has completed an appraisal level report.

Answer. Following are pending projects (i.e. not authorized) for which Reclamation has completed or approved an appraisal level report: California.—City of Fort Bragg Water Reclamation Project, Del Norte/Crescent City Water Reclamation Study, Mission Springs Water District Project; Texas.—Leon Creek/Mitchell Lake Water Reuse Project (San Antonio), Brownsville Water Recycling Project, City of Austin Wastewater Reclamation and Reuse Project.

*Question 75c.* Finally, please identify any pending projects in which Reclamation has had some level of significant involvement, including communication with local project sponsors.

Answer. Following are pending (i.e. not authorized) projects, or the names of sponsors of such projects, for which Reclamation has had some level of significant involvement: Arizona.—City of Tucson; California.—Big Bear Area Regional Wastewater Agency, City of Apple Valley, City of Corona, City of Industry, City of Oxnard (GREAT program), City of Palo Alto/Mountainview Moffat Area Recycled Water Project, City of Redlands, City of Riverside, City of San Juan Capistrano, Delta Diablo Sanitation District—City of Antioch Recycled Water Project, Eastern Municipal Water District, El Toro Water District, Elsinore Valley Water District, Hawaii Stormwater Reuse Project, Las Virgines Municipal Water District, Los Angeles County Sanitation Districts, Marine Corps Base—Camp Pendleton, Pacific Recycled Water Project, Prado Wetlands (Orange County Water District), Rancho California Water District, Redwood City Recycled Water Project, Rowland Water District, Santa Ana Watershed Project Authority, Santa Clara Valley Water District—South County Recycled Water Project, Suburban Water Systems, Vallecitos Water District, Ventura County Waterworks Districts, Victor Valley Wastewater Reclamation Authority, Western Municipal Water District, Yucaipa Valley Water District; New Mexico.—City of Alamogordo; Oregon.—Salem Natural Treatment System Project; Texas.—Trinity River Corridor Project (Dallas), Williamson.

### *Reclamation Fund*

*Question 76.* The Reclamation Fund currently has a large surplus. What is the projected surplus at the end of FY'08? What happens to the excess revenues on an annual basis that are not accounted for as an offset to the Bureau of Reclamation's appropriated funds?

*Answer.* The projected balance at the end of FY 2008 is \$7.8 billion. Receipts deposited in the Reclamation Fund are made available by Congress through annual appropriation acts. Those receipts and balances not appropriated from the Reclamation Fund remain in the Fund as unappropriated receipts (i.e., balances). The increase in the balances, which is a current trend, is the result of an increase in receipts and a decline in appropriations.

### *Navajo Indian Irrigation Project*

*Question 77.* The 1962 legislation authorizing the Navajo Indian Irrigation Project (NIIP) refers to an irrigated farm of 110,630 acres. The Interior Department's Inspector General stated in a 1988 Audit Report that "it is generally agreed that the [Navajo] Tribe was promised a completed irrigation project of a certain size and, based on that promise, made important concessions in return for an irrigation project." Do you believe that the federal government has the obligation to complete the NIIP to 110,630 acres?

*Answer.* Congress authorized the Secretary to construct NIIP in 1962, the product of years of discussions among the United States, the Navajo Nation, the State of New Mexico, and other interested parties. Section 2 of the NIIP Act described the project as serving approximately 110,630 acres with an average annual diversion of 508,000 acre-feet of water for irrigation. Congress authorized "not more than \$135,000,000" to be spent for construction and purchase of lands outside the Navajo Reservation for project purposes, and raised this funding ceiling to \$206,000,000 by a 1970 amendment of the Act. The 1988 Audit Report cited in the question also recommended termination of NIIP on a number of grounds, including what the Inspector General considered the "excessive cost of the Project" and the low revenue yields produced by farming operations. The Department did not agree with the Audit recommendation at that time and has continued to support NIIP operations. We have not opined on whether the federal government has an obligation to complete the NIIP to 110,630 acres.

*Question 78.* The Inspector General also determined that the NIIP "was authorized in the same Congressional bill as the San-Juan Chama Diversion Project, with the implication that construction of the two projects would proceed generally at the same pace." The legislative history of the Act is replete with statements by sponsors and others that the project was to be completed within about 15 years. Do you agree that Congress intended in 1962 that the NIIP would be completed in about 15 years?

*Answer.* Members of Congress and others may have envisioned construction of the two projects to proceed at roughly the same pace at the time of passage of the Act in 1962. However, the statutes as enacted did not include a specific time period for construction. In addition, unlike the San Juan-Chama Project, the construction plans for NIIP had not been fully developed prior to passage of the NIIP Act. NIIP pre-construction plans were reevaluated in 1965 and again in 1970 to replace lands found to be unsuited to sustained irrigation. Other factors have also affected the construction schedule for NIIP. For example, the project design was further altered when the Navajo Nation and the Department agreed to replace the gravity flow system in the initial design with sprinkler-based technology.

*Question 79.* Section 1 of the NIIP legislation adopted the Coordinated Report as the blueprint for the NIIP development. That Report addresses the burden for Operation and Maintenance ("O&M") expenses pending project completion. The Report, at page 357, states that the Navajo Nation would not be required to pay for O&M until "completion of the project development period" and defines that time as ten years AFTER completion of the 110,630-acre project on page 346. Are there any contemporaneous sources (i.e., circa 1962) that you are aware of that would support the position that the O&M burden should be shifted to the Navajo Nation prior to the completion of the "project development period" as so defined in the Coordinated Report? If so, what are those sources?

*Answer.* We have reviewed the Coordinated Report and find nothing that addresses the question of when the Navajo Nation would assume responsibility for paying operation and maintenance (O&M) expenses. The Report, at page 346, recommends a 10-year development period before construction costs are assessed, but does not discuss assessment of O&M charges. Similarly, at page 357 in the "Conclusions" section, the Report states that "[r]eimbursable Federal charges assessable against project lands would be paid to the Treasury, in accordance with existing laws, fol-

lowing completion of the project development period.” This conclusion summarizes the Report’s earlier discussion of repayment of construction costs and has no relevance for the assessment of O&M charges. Section 5 of the NIIP Act expressly addresses the issue of O&M charges and mandates that the payment of O&M charges be made in accordance with the Act of August 1, 1914 (38 Stat. 582, 583), as amended (25 U.S.C. §385), which provides the Secretary broad discretion to set and assess O&M charges for all Indian irrigation projects. We find no statutory or regulatory requirement that the Project be completed before O&M charges are assessed. Finally, we are not aware of any other contemporaneous sources that bear on the issue of when the Navajo Nation should assume payment of O&M charges.

*Question 80.* The Administration reduced funding for the NIIP construction in FY’02, but Assistant Secretary McCaleb assured the Navajo leadership that the reduction would be only for one year. The administration has yet to seek restoration of the funding. Initially, the rationale was that the Navajo Agricultural Products Industry (“NAPI”), which farms the NIIP lands, was in need of management and organizational changes. Those changes have now been implemented. The Administration’s position now seems to be that there needs to be an MOU addressing O&M responsibilities pending completion of the project. If the Navajo Nation is correct in the view that the O&M burden rests with the Department until the end of the project development period (as defined in the Coordinated Report), isn’t the Department’s position inconsistent with the authorizing legislation?

*Answer.* The NIIP Act grants the Secretary broad discretion to set and assess O&M charges. While negotiation of an MOU would offer the Navajo Nation an opportunity to influence the timing and method of assessment of O&M charges, it is neither a prerequisite for assessment nor a condition for future appropriations.

*Question 81.* NAPI and the Bureau of Indian Affairs officials have both stated that the very integrity of the NIIP project is now in jeopardy because of the insufficiency of O&M funding and the resulting “deferred maintenance.” Is that also your understanding?

*Answer.* No. The BIA provides funding to NAPI under a Public Law 93-638 contract to perform recurring maintenance activities for the project. Although deferred maintenance is a consideration for NIIP and for some other BIA irrigation systems, core funding has been provided for critical O&M functions.

*Question 82.* In 2005, Departmental officials indicated that they were seeking a Solicitor’s opinion on the Federal government’s obligation to construct and maintain NIIP. Has the Solicitor been tasked to write an opinion? Why is it taking an inordinate amount of time? When can we expect the opinion? Is this a wise use of Interior money when the legislative history is clear and Interior itself has previously acknowledged the obligation, as well as OMB?

*Answer.* The Department has assembled the voluminous record related to NIIP and its authorization, a massive amount of documents that spans more than half a century. To accomplish this task, the Department retained the services of an historical research consultant to ensure the Department had as complete a compendium of relevant documents as possible. Completion of this research and compilation effort did not conclude until late last summer. With this in mind, an opinion on this matter will not be issued any time soon.

*Question 83.* If no additional construction of the remaining blocks in NIIP is currently taking place, and maintenance is being deferred, please identify how the funds requested in the FY’08 budget are expected to be expended. Please account for FY’06 expenditures from both the construction and O&M accounts.

*Answer.* Construction funds in FY 2008 will be used by the Bureau of Reclamation (Reclamation) to address the construction deficiencies identified in the 1988 IG Audit Report, as amended, and to complete transfer stipulations identified for work completed since 1988. Construction funding is also to be used by Reclamation to operate and maintain completed project features which have not been transferred to BIA O&M status. Expenditures for FY 2006 were utilized for the same purposes. Key activities funded in FY 2006 included: Stage 18 canal rehabilitation; initiation of Stage 19 canal rehabilitation; corrections to Gallegos Pumping Plant; correction on Hogback Diversion Dam and main canal enlargement; on-going construction management and design. Also funded: BIA Environmental Compliance/San Juan Recovery Implementation Program Committee.

FY 2007 activities programmed by Reclamation include: repairs to concrete lining of Amarillo canal; correct logic controller program; Burnham lateral repair; on-going construction management and design. Also funded: BIA Environmental Compliance/San Juan Recovery Implementation Program Committee.

FY 2008 activities programmed by Reclamation include: Kutz pumping plant automation; correct logic controller program; deficiency/inspection contract with NAPI; Burnham lateral repair; on-going construction management and design. Also fund-

ed: BIA Environmental Compliance/San Juan Recovery Implementation Program Committee.

*Question 84.* What is the estimated cost to complete Block 9 of NIIP? What specific actions are necessary?

Answer. Reclamation's estimated cost to complete Block 9 is \$76.4 million, based on the 2005 Construction Cost Estimate and indexed for October 2006. The estimate will be adjusted as Reclamation completes the collection of required design data.

*Question 85.* What is the estimated cost to complete Blocks 10 and 11 of NIIP? What specific actions are necessary?

Answer. Reclamation's estimated costs to complete Blocks 10 and 11 are \$130.5 million and \$112.9 million, respectively, also based on the 2006 indexed price mentioned above. Estimated costs will be adjusted as Reclamation completes the collection of required design data. In addition to construction activities, work to be completed includes investigations and collection of design data, final design, and preparation of construction specifications.

Construction of Blocks 10 and 11 may require additional storage. The initial design assumed that Gallegos Dam would provide this required storage. Construction of Gallegos Dam, and associated features, has been estimated at \$86.4 million at the October 2006 price level. Oil and gas development in the vicinity planned for Gallegos Dam since the conceptual plans were developed may make the construction of Gallegos Dam problematic and may require evaluation of storage alternatives.

*Question 86.* If the NIIP construction budget were increased and sustained at \$20 million per year rather than the \$12.6 million in the FY '08 budget, how long would it take to complete Block 9? What if the construction budget were increased and sustained at \$25 million per year?

Answer. Based on the estimate indexed to the October 2006 price level, Reclamation estimates that if funding is sustained at the \$20 million level, Block 9 would require 6 years to complete. If funding is sustained at the \$25 million level, Block 9 would require 5 years to complete. Both of these scenarios provide an allowance for the completion of the remaining deficiency and transfer stipulation items and further assume that BIA will utilize \$1 million of the funds annually to perform NIIP administration and oversight and for BIA participation in the San Juan River Basin Recovery Implementation Program.

#### USGS WATER RESOURCES PROGRAM

*Question 87.* Is USGS, as part of its Water Resources Program, evaluated what activities and information are necessary to be able to utilize existing global climate models on a regional basis to help identify changes in temperature, precipitation patterns, and overall water supply? If so, what types of activities and data-gathering needs has it identified?

Answer. The USGS Water Resources Program is indeed involved in working with global climate models and with long term hydrologic and climate data to understand the changes in water resources that have taken place in recent decades and projecting the changes that are likely to occur in the coming decades. Progress on this question depends on two things: (1) a strong theoretical basis of understanding of how these climate and hydrologic processes work and (2) long-term high-quality data sets that can be used to test and refine the theory. The USGS has defined, in some detail, the kinds of data sets that are needed in terms of streamgages, ground water wells, and monitored glaciers. In fact, the FY 2008 proposed budget for the USGS includes a specific increase associated with improving the stability of the national streamgaging network in order to serve these needs for understanding long-term changes in water supply and flood hazards as well for providing the data needed for streamflow forecasting and water management. It is also crucial that the USGS continue its close collaboration with leading global climate modeling groups such as the Geophysical Fluid Dynamics Laboratory of the National Oceanic and Atmospheric Administration in Princeton, NJ. This kind of partnership brings strong hydrologic understanding to the climate modeling community and enables careful analysis of potential implications of climate change on water resources.

*Question 88.* Please describe USGS's role as part of the U.S. Climate Changes Science Program.

Answer. Earth Surface Dynamics Program funded projects support the goals of the U.S. Climate Change Science Program (CCSP) to (1) improve knowledge of the Earth's past and present climate and environment, including its natural variability, (2) improve quantification of the forces bringing about changes in the Earth's climate and related systems, (3) reduce uncertainty in projections of how the Earth's climate and environmental systems may change in the future, (4) understand the sensitivity and adaptability of different natural and managed ecosystems and

human systems to climate and related global changes, and (5) explore the uses and identify the limits of evolving knowledge to manage risks and opportunities related to climate variability and change.

Science funded through four Bureau Programs that crosscut CCSP's Strategic Priorities is related to:

- Climate Change and Variability,
- Ecosystems,
- Land-use/Land Cover Change,
- the Carbon Cycle, and
- the Water Cycle.

*Earth Surface Dynamics Program: 10.0 Million.*—This program conducts paleoclimate and climate change science and monitoring investigations focused on constraining models for global and regional climate simulations by the worldwide climate simulations modeling community as well as providing the causes and mechanisms related to climate change impacts such as sea-level rise, abrupt climate change, Arctic permafrost degradation, coastal erosion, plant community migrations due to climate change, ocean circulation modeling, hypoxia in the Gulf of Mexico, and climate change impacts on critical ecosystems such as Greater Everglades and Chesapeake Bay.

*Ecosystems Program: 6.0 Million.*—Studies ecological and physical impacts related to climate change, such as wetlands loss due to sea-level rise, damage to critical ecosystems as a function of global warming, glacier retreat in Glacier National Park, proliferation of invasive species due to climate change, and impacts on critical species due to landscape degradations, such as Polar Bear habitat decline due to projected sea-ice loss induced by global warming.

*Geographic Analysis and Monitoring Program: 7.0 Million.*—Studies land cover and land-use changes resulting from climate change, feedbacks between landscape change and climate, and remotely sensed changes in atmospheric carbon flux related to global warming.

*Hydrologic Networks & Analysis: 3.08 Million.*—Hydrologic monitoring of water quantity and quality changes related to global warming and precipitation pattern changes induced by climate change, especially in sensitive areas of the arid southwest, Alaska, and New England. Work also includes water quality studies focused on assessing the consequences of hydrological changes on sediment and chemical transport, including Dissolved Organic Carbon, Mercury, and Nutrients; all of which have significant impacts on ecosystem and Human health.

*Question 89.* Please identify the types of activities being undertaken as part of the development of the Groundwater Climate Response Network. As I understand it, USGS has identified 62 principal aquifers. How is monitoring of those aquifers prioritized (i.e. are there any criteria associated with prioritizing studies)?

Answer. The ground-water Climate Response Network (CRN) presents data collected primarily from water table (generally shallow) wells across the Nation that tend to respond rather quickly to climate variations. The CRN currently consists of 552 wells; 228 of the wells have real-time instrumentation. The CRN design calls for real-time reporting from at least one well in each of the Nation's climate divisions. The current CRN covers only 167 of the 366 climate divisions across the Nation. Thus at least 199 additional wells are needed for full coverage, primarily in the central and western U.S. There is an ongoing effort to identify wells monitored under all USGS programs that meet the criteria of the CRN, and to add them to the network. Lastly, the USGS is developing a fact sheet that describes the network and the information available to the public via the Internet.

The USGS identified the Nation's 65 Principal Aquifers under a previous ground-water program. Based on national ground-water use statistics, the Ground-Water Resources Program (GWRP) has identified 30 priority aquifers to be evaluated for ground-water availability. These 30 priority aquifers account for about 94 percent of the Nation's total ground-water withdrawals for public supply, irrigation, and self-supplied industrial uses combined. With the exception of the High Plains aquifer, there is no nationwide systematic ground-water-level monitoring program for the Nation's principal aquifers. One of the tasks within the ongoing GWRP ground-water availability studies is the design of a ground-water-level monitoring network for the aquifer system. Having these designs will enable the USGS and its partners to maintain a regular accounting of changes in the amount of water in storage and water levels in these important aquifers.

*Question 90.* Please identify the 51 study units associated with the NAWQA program. Do the water quality studies overlap with other monitoring efforts in other programs—e.g. the stream-gaging and groundwater resources programs?

Answer. Since 2001, there have been 42 study units in the NAWQA Program, which was a reduction from the 51 study units included from 1991–2000. The NAWQA study unit activities build upon streamgaging data supported by the streamgaging program, and also use information from the ground-water resources program. Evaluation of water quality must always build on an understanding of flow and storage of water. NAWQA depends for most of its physical data on streamflow and ground water on monitoring and studies carried out in the USGS National Streamflow Information Program (NSIP), Ground Water Resources Program, and the Cooperative Water Program. Monitoring networks for the NAWQA program always depend on existing data collection systems, adding new sites only when it is absolutely necessary to meet a specific NAWQA program needs. The vast majority of streamflow information used in NAWQA is supported by other USGS programs (Cooperative Water Program and NSIP) as well as funding provided by the 800 funding partners who support USGS streamgaging.

Study Unit	NAWQA Study Unit Name	States in Study Unit
1	Acadian-Pontchartrain Drainages .....	LA, MS
2	Albemarle-Pamlico Drainages .....	NC, VA
3	Apalachicola-Chattahoochee-Flint River Basins .....	AL, FL, GA
4	Canadian-Cimarron River Basins .....	CO, KS, NM, OK, TX
5	Central Arizona Basins .....	NJ, NY
6	Central Columbia Plateau-Yakima River Basin .....	ID, WA
7	Central Nebraska Basins .....	NE
8	Connecticut, Housatonic and Thames River Basins .....	CT, MA, NH, NY, RI, VT
9	Delaware River Basin .....	PA, NY, NJ
10	Eastern Iowa Basins .....	IA, MN
11	Georgia-Florida Coastal Plain Drainages .....	GA, FL
12	Great Salt Lake Basins .....	UT, ID, WY
13	Hudson River Basin .....	NY, CT, MA, NJ, VT
14	Kansas River Basin .....	CO, KS, NE
15	Lake Erie-Lake Saint Clair Drainages .....	IN, MI, OH, PA, NY
16	Long Island-New Jersey Coastal Drainages .....	NJ, NY
17	Lower Illinois River Basin .....	IL
18	Mississippi Embayment .....	AR, KY, LA, MS, MO, TN
19	Mobile River Basin .....	MS, AL, GA
20	Nevada Basin & Range .....	CA, NV
21	New England Coastal Basins .....	ME, MA, NH, RI
22	Ozark Plateaus .....	AR, KS, MO, OK
23	Potomac River Basin & Delmarva Peninsula .....	DC, MD, PA, VA, WV
24	Puget Sound Drainages .....	WA
25	Rio Grande Valley .....	CO, NM, TX
26	Sacramento River Basin .....	CA
27	San Joaquin-Tulare Basins .....	CA
28	Santee River Basin and Coastal Drainages .....	SC, NC
29	South-Central Texas .....	TX
30	South Platte River Basin .....	CO, NE, WY
31	Southern California Coastal Drainages .....	CA
32	Southern Florida Drainages .....	FL
33	Tennessee River Basin .....	AL, GA, KY, MS, NC, SC, TN, VA
34	Trinity River Basin .....	TX
35	Upper Colorado River Basin .....	CO, UT
36	Upper Illinois River Basin .....	IL, WI, IN
37	Upper Mississippi River Basin .....	MN, WI
38	Upper Snake River Basin .....	ID, MT, NV, UT, WY
39	Western Lake Michigan Drainages .....	MI, WI
40	White, Great & Little Miami River Basin .....	IN, OH
41	Willamette Basin .....	OR
42	Yellowstone River Basin .....	MT, WY, ND

Of the original 51 study units, the following were discontinued in 2000, or combined with other study units when the current 42 study units were defined. Two new study units were then added (Canadian-Cimarron, and Kansas) to create the 42 study units.

NAWQA Study Unit Name	States in Study Unit	Decision in 2000
Allegheny-Monongahela River Basins .....	MD, NY, PA, WV .....	Discontinued.
Cook Inlet Basin .....	AK .....	Discontinued.

NAWQA Study Unit Name	States in Study Unit	Decision in 2000
Delmarva Peninsula .....	DE, MD, VA .....	Combined with Potomac River Basin.
Great & Little Miami .....	ID, OH .....	Combined with White River Basin.
Kanawha-New River Basin	NC, VA, WV .....	Discontinued.
Lower Susquehanna River Basin.	PA .....	Discontinued.
Northern Rockies Intermontane Basins.	ID, MT, WA .....	Discontinued.
Oahu .....	HI .....	Discontinued.
Red River of the North .....	MN, ND, SD .....	Discontinued.
Upper Tennessee River Basin.	KY, NC, SC, TN, VA .....	Combined with Lower Tennessee.
Yakima River Basin .....	WA .....	Combined with Central Columbia Plateau.

*Question 91.* How will the Landsat Data Continuity Mission be impacted by available FY'07 funding? What is the reason for the Landsat data gap that is expected to occur about 2010 (if not earlier)? Won't this data gap be a significant loss to the scientific community? What will be the extent of the impacts? Please be as specific as possible.

Answer. All planning and procurement activities scheduled for FY'07 in support of the Landsat Data Continuity Mission will be able to proceed in conjunction with NASA's procurement schedule. The earliest potential launch date for the Landsat Data Continuity Mission is 2011. Both Landsat 5 and 7 are operating beyond their designed lifetimes; hence, either satellite could fail at any time before the launch of the Landsat Data Continuity Mission, thus producing a Landsat data gap. Both satellites should continue to operate into 2010 when their orbit-positioning fuel runs out. At that time, a decommissioning process will be initiated and over approximately one year the satellites will be maneuvered into an orbit that will eventually safely deorbit them.

The data gap will represent a loss to the scientific community, as well as to policy makers and the public at large. For 35 years, Landsat satellites have provided the Nation's decision makers and the public with high quality images of the entire Earth's land surface. These images are used in assessments of natural disasters; to support agricultural research and operations; for studies of climate and land use change; in water resource assessment and management, coastal zone management, and ecological forecasting; and in many other national security, scientific, operational, and economic applications.

Landsat's greatest users are in agriculture and forestry. Agricultural and forestry applications combined make up the largest operational Landsat user group, accounting for nearly 25 percent of the total number of images sold throughout this period. The most common application appears to be estimating annual agricultural production and national and international forest area. Cropland area and production statistics developed using Landsat data are the basis for ensuring that agricultural statistics that drive national and global commodity markets are fair and accurate so that the economic viability of U.S. agriculture is stable. The U.S. Department of Agriculture's (USDA) National Agricultural Statistics Service (NASS) has used Landsat data for the past two decades as a key input for developing U.S. crop acreage estimates. Landsat data are used to construct the Nation's area sampling frame for agricultural statistics. This is the statistical foundation for providing agricultural estimates with complete coverage of American agriculture.

Landsat data are used by a wide range of federal climate researchers, including: the National Science Foundation; the National Aeronautics and Space Administration; the National Oceanic and Atmospheric Administration; the Environmental Protection Agency; the Department of Energy; the Department of Health and Human Services; the Department of Defense; the Department of State; the Agency for International Development; and the Departments of Agriculture, Transportation, and the Interior. Likewise, Landsat data are used for climate research by: the Smithsonian Institution; the United Nations, and many national and international academic institutes and scientific organizations.

While there is not currently an operational satellite system that could replicate the data characteristics and global coverage frequency of Landsat 7, a multi-agency team, chaired by representatives from the USGS and NASA, is investigating alternative data sources to mitigate a Landsat data gap. Extensive work has been com-

pleted on identifying the most Landsat-like data sources that could be used during any data gap, and a data-gap implementation plan was completed in FY 2007.

*Question 92.* USGS is currently participating with the State of New Mexico in studying and mapping the Salt Basin aquifer. Do you anticipate funding being available in FY'07 to continue this effort? How much funding? Will funding be available in FY'08 based on this budget?

Answer. Using cooperative funding from the New Mexico Interstate Stream Commission (ISC), the USGS completed a "Plan of study to improve the understanding of the hydrogeology of the Salt Basin" and presented this plan to the ISC on August 23, 2006. Among other issues discussed in the plan, the following study elements were proposed: (1) systematic monitoring of surface-water discharge and ground-water levels, (2) application of geochemical and isotopic techniques to better delineate areas of ground-water recharge, (3) application of geophysical techniques to better establish the degree of development and interconnectedness of fractures and solution channels in the carbonate aquifer, and (4) simulation of effects of potential ground-water development on the Otero Mesa on ground-water levels in the New Mexico and Texas parts of the basin. Another agreement with the USGS and the ISC is currently funded through the USGS Cooperative Water Program in FY 2007 (\$48,500 funded by the USGS and \$48,500 funded by the ISC) to continue this effort by designing a specific proposal to implement the plan of study and to determine which agency should complete which study element. In addition, the USGS is preparing to commit \$100,000 per State fiscal year (\$25k in Federal FY 2007 and \$75k in Federal FY 2008) for 3 years to complete the proposed investigative work in the Salt Basin. The USGS is waiting for action from the New Mexico legislature on the ISC-proposed \$2.2 million in funds over 3 years to complete this study.

*Question 93.* USGS has helped to develop a detailed and comprehensive ground-water model for the Rio Grande basin underlying Albuquerque. It's my understanding that this model is one of the most sophisticated that USGS has developed to date. Is that a correct assessment? What other aquifer systems are modeled to this level of detail (or in the process of developing as detailed a model)?

Answer. Yes, the USGS applied state-of-the-art approaches to produce a complex and sophisticated Rio Grande basin model. Other areas where the USGS has been or is currently involved in advanced modeling projects include the Central Valley of California, the Death Valley regional flow system, Lake Michigan Basin, Biscayne Bay, and multiple locations along the Atlantic Coastal Plain and the Sparta aquifer in Arkansas.

*Question 94.* The President recently signed into law the U.S.-Mexico Transboundary Aquifer Assessment Act. Will USGS provide funding in FY'07 to begin implementing this law? If so, how much? What is the extent of actions that USGS can take this coming year to implement the Act? Based on this budget, will funding be available in FY'08 to begin the studies called for in the Act?

Answer. In 2007, the USGS will continue funding for the U.S.-Mexico border environmental health initiative, now in its fourth year of operation, funded within the USGS Ground-Water Resources Program, but will not begin activities under the U.S.-Mexico Transboundary Assessment Act. The 2008 budget was formulated last fall, before passage of the Act, and does not include specific funding for the Act.

*Question 95a.* Within the FY'08 budget for USGS's Hydrologic Research & Development Program, how much is allocated to: Developing improved computer models of the global climate system as described on page I-27 of the USGS green book? What activities are related to this effort?

Answer. The USGS Water discipline has one project that is directly involved in global climate modeling (\$0.3 million per year) and is conducted in collaboration with the National Oceanic and Atmospheric Administration Geophysical Fluid Dynamics Laboratory. Several other projects interact very closely with climate modelers, providing feedback from USGS data and analyses that help them improve the models. These additional projects are funded at about \$1 million per year.

*Question 95b.* Within the FY'08 budget for USGS's Hydrologic Research & Development Program, how much is allocated to: Evaluating and developing methods for estimating streamflow to assist in forecasting flood magnitudes as described on page I-28?

Answer. The USGS Water discipline in total has budgeted about \$1.1 million in 2008 for evaluation and development of methods for estimating streamflow, through its National Research Program (NRP). The amount of Hydrologic Research and Development (HR&D) funding devoted to these efforts varies from year to year, depending on contributions to the NRP by the other USGS water programs. NRP scientists conduct research on complex hydrologic problems and develop techniques and methods to help advance the state of the science and assist other USGS programs in carrying out their missions, and the techniques and understanding devel-

oped by NRP scientists form the scientific basis for most hydrologic programs carried out by USGS across the Nation. The activities of the NRP are funded at about \$30 million each year, with about 40 percent coming from Hydrologic Research and Development and the remainder coming from the other programs in the Hydrologic Monitoring, Networks, and Analysis subactivity.

*Question 95c.* Within the FY'08 budget for USGS's Hydrologic Research & Development Program, how much is allocated to: Constructing models that integrate ground-water/surface-water interactions as described on page I-28?

Answer. The USGS Water discipline in total has budgeted about \$1.0 million in 2008 for developing integrated ground-water/surface-water interaction models, through its National Research Program (NRP). The amount of Hydrologic Research and Development (HR&D) funding devoted to these efforts varies from year to year, depending on contributions to the NRP by the other USGS water programs. NRP scientists conduct research on complex hydrologic problems and develop techniques and methods to help advance the state of the science and assist other USGS programs in carrying out their missions, and the techniques and understanding developed by NRP scientists form the scientific basis for most hydrologic programs carried out by USGS across the Nation. The activities of the NRP are funded at about \$30 million each year, with about 40 percent coming from Hydrologic Research and Development and the remainder coming from the other programs in the Hydrologic Monitoring, Networks, and Analysis subactivity.

#### *Mariana Islands*

*Question 96a.* The Committee held an oversight hearing on the Mariana Islands last week and heard details of the developing fiscal and social crisis as the garment industry departs. It is likely that local revenue collections will drop substantially, 20-40 percent, over the next year or two, and possible that thousands of alien workers may be abandoned by their employers as the economy contracts.

Can you assure the Committee that the Department is closely monitoring the situation and is prepared to lend assistance should it become necessary?

Answer. As Deputy Assistant Secretary David Cohen stated in his testimony before the Committee on February 8, 2007, the Department is extremely concerned about the threat of economic collapse facing the CNMI. The simultaneous decline of the CNMI's only two major industries has caused government revenues to decline sharply, dropping approximately 25 percent from \$221.2 million in 2004 to a projected \$165.8 million for the current fiscal year. Continued declines of this magnitude would cast doubt on the CNMI government's ability to remain solvent and to provide even the most basic critical services to CNMI residents. DOI will continue to monitor the situation and to keep the Committee informed.

*Question 96b.* Can you assure the Committee that the Marianas government has effective plans to respond to the revenue loss and to the need to repatriate abandoned or unneeded guest workers, and illegal aliens?

Answer. At this time we are concerned that a more careful planning process for economic transition in the CNMI is needed. We are encouraging the CNMI government to develop plans for these contingencies, but more work needs to be done.

#### RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM SENATOR DOMENICI

##### MINERAL ROYALTIES

*Question 97.* The Department of the Interior estimates that New Mexico will receive \$501 million in mineral royalties in FY2007 and \$542 million in FY2008. In FY2006, New Mexico royalties were \$573 million.

Do you solely attribute the projected New Mexico royalty decrease from FY2006 levels to oil and gas price decreases since FY2006? If not, what other factors have contributed to the decrease?

Answer. The figures cited above are for actual and estimated mineral revenue payments to states. A number of factors, which include OMB's estimated forecast of oil and gas prices, may contribute to the total distribution a state receives in a given year. Fiscal year estimates for payments to states are based on revenue estimates for each source type, the appropriate distribution for each land category, and the amount of total mineral receipts disbursed to that state for the prior year. Mineral receipts are derived from royalties, rents, bonuses, and other revenues, including minimum royalties, late payment interest, settlement payments, gas storage fees, estimated royalty payments, and recoupments.

## HEALTHY LANDS

*Question 98.* Mr. Secretary, the President's Budget requests \$22 million for a new Healthy Lands initiative which would aim to protect wildlife where energy development is occurring.

Will you require a non-federal cost share for the Healthy Lands initiative? If so, what will it be?

Answer. A non-federal cost share is not required but strongly emphasized to achieve the desired effect of a landscape approach to include multiple jurisdictions within critical watersheds and ecosystems. BLM will leverage funding and matching efforts provided by other Federal agencies; State, local and tribal governments; philanthropic organizations; advocacy groups; and energy industry partners. All six geographic areas have several partners already engaged but are at different levels of contribution toward implementation of actions on the ground. In addition to the requested increase of \$15 million in BLM funding for the Healthy Lands Initiative for FY 2008, the BLM will apply \$8.2 million in existing base funds to this effort. Additionally, HLI includes \$2 million for FWS activities and \$5 million for USGS. All three agencies will work together to identify, restore, and protect significant habitat for the benefit of wildlife and energy activities and potentially prevent the listing of at-risk species.

*Question 99.* Will you focus Healthy Lands' activities on areas where endangered or threatened species are located? If so, how does this program relate to the Threatened and Endangered Species program within BLM?

Answer. The Healthy Lands Initiative's (HLI) primary focus is on sustaining and restoring watersheds and other crucial habitats that include a broad suite of species while assuring continued development and uses of our public lands. This proactive approach should help to avoid species being listed and may also impact habitats that contribute to the recovery of Threatened and Endangered (T&E) species. HLI will initially focus on six geographic areas where important habitat for key species interfaces with energy resources or other significant resource users, such as recreation. This landscape scale approach will emphasize cooperative conservation to maximize benefits to large swaths of Federal, State, and private lands.

The Bureau's T&E Program emphasizes habitat restoration and maintenance that contributes to the recovery of species that are already listed under the Endangered Species Act. T&E Program funds are spent in those areas with high-priority listed species, and these areas do not necessarily overlap with the six geographic areas under HLI.

*Question 100.* Please describe how you plan to use the \$3.5 million allocated for New Mexico.

Answer. In 2007, the BLM and partners continue to focus on vegetative treatment efforts, along with reclamation initiatives on key watersheds that have a long history of impacts, including drought, suppression of natural fires, historic grazing, invasion of weeds and exotic species, and 90 years of oil and gas development. Treatments include 62,391 acres of vegetation, 36 miles of riparian areas, and reclamation of 83 acres of historic abandoned or orphaned oil and gas well pads and roads within the Healthy Land Initiative emphasis area. In addition, the BLM and its partners are taking the landscape level approach to enhancing and sustaining healthy lands statewide. Targets for areas treated outside the wildlife/energy interface include nearly 80,000 acres which are a combination of base budget and partnership funding.

In 2008, BLM will enhance partnerships statewide, including the San Juan and Permian Basin emphasis areas. With existing funding of \$2 million and Healthy Lands Initiative funding of \$3.5 million, the BLM anticipates being able to treat or improve habitat on approximately 91,000 acres on BLM lands, 450 acres of non-BLM lands, and 30 miles of stream within the emphasis area. In addition, 266 acres of historic abandoned or orphaned oil and gas well pads that have no responsible party would be reclaimed. Targets for areas treated outside the wildlife/energy interface include nearly 150,000 acres, which are a combination of base budget and partnership funding. This is a significant increase over the proposed 2007 treatment using existing funds.

## BLM LANDS

*Question 101.* The President's Budget for FY2008 proposes to amend the Federal Land Transaction Facilitation Act to provide that revenues from BLM land sales would be used for BLM operations and that at least 70 percent of the proceeds would be deposited in the Treasury.

What effect will this legislation have on the ability of the BLM and other Federal land management agencies to purchase inholdings located in federally designated areas?

Answer. The Administration's legislative proposal would amend the Federal Land Transaction Facilitation Act (FLTFA) by: 1) providing that the Act be applicable to Federal areas that were designated after the date of enactment of FLTFA and to public lands identified for disposal after the date of enactment of FLTFA; 2) allowing for a portion of the funds in the Federal Land Disposal Account to be used for the purchase of inholdings; 3) allowing a portion of funds in the Federal Land Disposal Account to be spent on conservation enhancement projects on Federal lands; and 4) ensuring that a majority of the funds in the Federal Land Disposal Account are expended within the State in which the funds were generated.

Under the Administration's legislative proposal, up to 30 percent of the proceeds from the sale of lands identified for disposal under the Federal Land Policy and Management Act (whether identified before or after the enactment of FLTFA) could be used to purchase inholdings. Under current law, up to 100 percent of the proceeds from the sale of land identified for disposal prior to FLTFA, but none of the proceeds from the sale of lands identified for disposal after enactment of FLTFA would be available for this purpose.

#### OJITO WILDERNESS ACT

*Question 102.* During the last session of Congress, the Ojito Wilderness Act (P.L. 109-94) was enacted.

Please describe what steps you have taken to implement that law.

Answer. Upon enactment of P.L. 109-94, nearly 11,000 acres were designated as wilderness. Since that time, the BLM in New Mexico has taken a number of steps to implement the legislation, including, installing signs identifying the new wilderness boundaries, developing public information, and maintaining field presence to provide visitor services and protect resources.

In addition to the wilderness designation, P.L. 109-94 combined with P.L. 109-309 (the Ojito Technical Corrections Act) directs the Secretary to convey at fair market value approximately 11,436 acres to the Pueblo of Zia to be held in trust by the Secretary for the Pueblo of Zia. The BLM and BIA have been working cooperatively with the Pueblo as they develop their regulations to conclude that conveyance. A meeting is anticipated in April, 2007 between these parties to continue this process.

#### ONSHORE MINERAL LEASING REVENUES

*Question 103.* The President's FY2008 budget proposes amending the Mineral Leasing Act to provide that two percent of the onshore mineral leasing revenues that currently go to the states instead be deposited in the Treasury. Mineral royalty revenues are a great source of income for my home state of New Mexico.

If this proposal were enacted, do you believe that the affected states would be able to adequately address the impacts of mineral development within their borders?

Answer. We defer to the States that receive funds under the Mineral Leasing Act for their perspective, and individual circumstances may vary. But it is worth pointing out that mineral revenue payments to states have increased substantially in recent years. Presumably, this means that states with significant new mineral development also have significant new resources to address the impacts from that development. The proposed reduction in payments would be a small fraction of the total mineral revenue payments. This proposal recognizes the principle that states receiving significant benefits from Federal mineral development should also share in the costs of permitting that development.

*Question 104.* Have you discussed this proposal with states that currently receive onshore royalties? And if so, what responses have you received?

Answer. We have not had discussions with States regarding the Net Receipts Sharing proposal.

#### ARCTIC NATIONAL WILDLIFE REFUGE (ANWR)

*Question 105.* Mr. Secretary, the President's budget proposes legislation to open Section 1002 of ANWR up to energy exploration and development. The proposal assumes that the first lease sale in 2009 would generate \$7 billion and a total of \$8 billion would be generated through 2012.

Please explain how you calculated the \$8 billion figure. What budget assumptions were made in estimating this amount?

Answer. The estimate in the Budget was made by 1) analyzing geology and geophysical information to determine geology parameters; 2) conducting an engineering analysis of the exploration, development, production, and reclamation phases for the

potential range of sources; and 3) running an economic analysis of 1) and 2) under projected market conditions.

The most recent USGS estimates state that:

- There is a 95 percent probability that at least 5.7 billion barrels of technically recoverable undiscovered oil are in the Alaska National Wildlife Refuge (ANWR) coastal plain,
- There is a 5 percent probability that at least 16 billion barrels of technically recoverable undiscovered oil are in the ANWR coastal plain, and
- the mean or expected value is 10.36 billion barrels of technically recoverable undiscovered oil in the ANWR coastal plain.

The primary area of the coastal plain is the 1002 Area of ANWR, which was established when ANWR was created. Also included in the Coastal Plain are State lands to the 3-mile offshore limit and Native Inupiat land near the village of Kaktovik.

The unique combination of source rocks and reservoir traps is similar to the geologic combination of events that caused the productive reservoirs to the west including the Prudhoe Bay Field. Therefore, similar results are anticipated. However, the geologic interpretation has changed since BLM estimated ANWR leasing revenues in 1992. At that time most of the oil was expected in several large structures. Now USGS expects that these structures are more likely gas and that most of the oil will be found in stratigraphic traps over a large area. The uncertainty of the location of these traps is an added risk that affects the bidding of the oil companies. We have been able to model the impact on bidding using comparable sales from NPRA and price expectations from the Department of Energy's Energy Information Administration's (DOE/EIA) Annual Energy Outlook.

We estimate that first production will not occur until after at least 10 years from Congressional approval to open ANWR to leasing. This includes all regulatory actions necessary to conduct the first sale, exploration sufficient to proceed with development, and the concurrent field development, facilities construction, and pipeline design, approval, and construction. Thus production will not occur until after 2016.

DOE/EIA has published the Reference Case for the AEO 2006. They also provided BLM with sufficient information to conduct the revenue estimate analysis with price scenarios consistent with the high and low oil prices in the thus far unpublished cases from the AEO 2006.

#### *Assumptions*

The estimate of receipts and funding requirements is based on the following assumptions:

- Legislation authorizing ANWR development would be enacted in time to allow a sale in FY2009.
- Regulations would be completed in FY2008.
- The Final Legislative EIS on the 1002 area dated April 1987 would satisfy the requirements of NEPA with respect to pre-lease activities.
- The EIS and related planning document would be final in FY2008 with sufficient time for the sale in FY2009 (18 months after enactment).
- The BLM would serve as lead for the EIS in active consultation and cooperation with FWS. BLM would have responsibility for the sub-surface minerals resource input and analysis with assistance from USGS.
- Two lease sales would be conducted before October 1, 2011.
- The estimates for bonus bids are based on expected values given the best information we have on geologic probability curves and risks, as well as probability functions for costs and prices.
- The geologic inputs were based on the joint analysis by staff experts of the USGS and BLM regarding oil potential and probabilities using the most recent USGS estimates of the oil and gas resources of the 1002 area of ANWR (Arctic National Wildlife Refuge, 1002 Area, Petroleum Assessment, 1998, Including Economic Analysis U.S. Geol. Open File Report 98-34, 1999) and the various updates including Undiscovered oil resources in the Federal portion of the 1002 area of the Arctic National Wildlife Refuge: an economic update U.S. Geol. Survey Report 2005-1217.
- Economic inputs regarding oil pricing were based on the EIA 2006 Annual Energy Outlook.
- Production will not occur until at least the tenth year after the first lease sale. Does not include production or revenues from State or Native lands.
- The top tracts will go first so that the best prospects are sold in the first sale, and most of the remainder in the second.

- Final adjustments were made based on bidding patterns in nearby north slope oil and gas lease sales.

The model assumes a 50/50 split of revenues with the State of Alaska, a royalty rate of 12.5%, and that almost all tracts would be available for nomination in each sale. The model used for the analysis was a Monte Carlo Discounted Cash Flow model. With these considerations, the model results in total bonus bid estimates of \$7.0 billion for a 2009 lease sale, and \$1.0 billion from a second lease sale in 2011, for a total of \$8.0 billion. There are 35 mapped structural prospects. Each prospect is run 1,000 times in the Monte Carlo model, with the condition that hydrocarbons exist, considering a number of differing factors. Similarly, the same is done for the one large stratigraphic play that covers approximately the northwestern third of the 1002 area. As a result, the specific infrastructure and transportation assumptions change thousands of times based on the running of the model.

*Question 106.* Please explain your proposal for completing the environmental requirements necessary to allow for an ANWR lease sale in 2009.

Answer. All of the assumptions made regarding a lease sale in 2009 contemplate that legislation authorizing ANWR development would be enacted sometime in 2007. With that in mind, BLM estimates that regulations would be completed during FY 2008. The Final Legislative Environmental Impact Statement on the 1002 area, dated April 1987, would satisfy the requirements of the National Environmental Policy Act with respect to pre-lease activities. Based on past experience, BLM estimates that the Environmental Impact Statement and related planning document would be finalized in FY 2008, approximately 18 months after enactment, thus allowing sufficient time for the sale in FY 2009.

#### NATIONAL PETROLEUM RESERVE-ALASKA (NPR-A)

*Question 107.* A lease sale was undertaken for oil and gas production in the NPR-A.

When do you anticipate the vast oil and gas resources contained in NPR-A will be brought into production?

Answer. The Department expects the first significant commercial oil production from the NPR-A in 2010.

#### BLM—HARD ROCK MINERALS

*Question 108.* The budget proposes a \$2 million increase above the FY 2006 level of \$32.7 million for Mining Law Administration. The increase is expected to be offset by the annual mining claim maintenance fee.

I see a sizable increase in revenues expected from the annual mining claim maintenance fee to pay for a \$2 million increase in the Mining Law Administration program.

What activities are causing the increase in the maintenance fee?

Answer. It is a statutory requirement [30 U.S.C. Chapter 2, section 28(j)] that every five years the mining claim maintenance fee and location fee be adjusted to reflect changes in the Consumer Price Index. On September 1, 2004, the maintenance fee was increased to \$125 per claim and the location fee to \$30 per claim, in accordance with the July 1, 2004 Department rulemaking. Total maintenance fee revenues are also increasing because of the increase in the number of claims filed due to the sustained high commodity price.

*Question 109.* Does the Bureau of Land Management have sufficient personnel to meet the increase in mining claims and activity?

Answer. The FY 2008 Budget request includes a requested increase of \$2 million for the Mining Law Program. These funds are proposed to be used to hire additional staff to more effectively manage the program.

*Question 110.* I am told that there has been a considerable increase in mining activity in relation to uranium. Is the current moratorium on new mining patents likely to negatively impact the uranium supplies that could be needed as our nuclear industry comes back on line?

Answer. No. Development of locatable mineral deposits on public land does not require the mining claimant/operator to apply for or receive a patent to the land. The mining claimant/operator is required to obtain the proper authorization (in accordance with 43 CFR 3809) and provide an acceptable financial guarantee to BLM before commencing operations.

#### PROCESSING OF APPLICATIONS FOR PERMIT TO DRILL (APDS)

*Question 111.* As a result of the Energy Policy Act of 2005, there has been a significant increase in the number of APDs submitted and processed.

How many APDs do you estimate will be submitted and processed in FY2008 and how does this compare to years past?

Answer. The table below shows the number of APDs submitted and processed nationwide, going back to 1996. The data for FY 2007 and FY 2008 are estimates.

APDS RECEIVED DURING FISCAL YEAR

Fiscal Year	Nationwide
1996	1,409
1997	2,645
1998	3,144
1999	4,505
2000	3,977
2001	4,819
2002	4,585
2003	5,063
2004	6,979
2005	8,351
2006	10,492
2007	11,500
2008	12,500

TOTAL APDS PROCESSED DURING FISCAL YEAR

Fiscal Year	Nationwide
1996	1,169
1997	2,163
1998	2,637
1999	2,306
2000	3,892
2001	4,266
2002	5,830
2003	5,143
2004	7,351
2005	7,736
2006	8,854
2007	10,555
2008	11,984

*Question 12.* How many new APDs do you estimate will be submitted and processed in New Mexico in FY2008 and how does this compare to years past?

Answer. The following tables show APDs received and processed in New Mexico, by Fiscal Year, back to Fiscal Year 1996. The data for 2007 and 2008 are estimates.

APDS RECEIVED DURING FISCAL YEAR

Fiscal Year	New Mexico
1996	745
1997	926
1998	1,034
1999	832
2000	1,280
2001	1,351
2002	1,087
2003	1,385
2004	1,668
2005	1,619
2006	1,843
2007	2,332
2008	2,535

## TOTAL APDS PROCESSED DURING FISCAL YEAR

Fiscal Year	New Mexico
1996 .....	583
1997 .....	740
1998 .....	821
1999 .....	907
2000 .....	1,056
2001 .....	1,240
2002 .....	1,373
2003 .....	1,590
2004 .....	1,657
2005 .....	1,570
2006 .....	1,995
2007 .....	2,300
2008 .....	2,611

## INDIAN ENERGY

*Question 113.* Mr. Secretary, there are vast untapped energy resources on American Indian lands. The USGS estimates that there are approximately 5.3 billion barrels of oil, 37.9 trillion cubic feet of natural gas, and 53.7 billion tons of coal on American Indian land. Title V of the Energy Policy Act of 2005 directs the Secretary of the Interior to undertake several activities to help the Indian nations develop these resources.

Please describe your progress in implementing Title V of the Energy Policy Act of 2005.

Answer. The Department of the Interior has made significant progress in responding to the provisions of Title V of the Energy Policy Act of 2005. We have established an Indian energy resource development program to assist consenting Indian tribes and tribal energy resource development organizations under the auspices of the Office of Indian Energy and Economic Development (IEED) which is the responsibility of the Assistant Secretary for Indian Affairs.

The IEED is currently creating a grant program that will provide development grants to Indian tribes and tribal energy resource development organizations for use in developing or obtaining the managerial and technical capacity needed to develop energy resources on Indian land, and to properly account for resulting energy production and revenues.

The IEED is continuing to manage the existing energy and mineral development program that provide grants to Indian tribes and tribal energy resource development organizations for use in carrying out projects to promote the integration of energy resources, and to process, use, or develop those energy resources, on Indian land.

The IEED is continuing to manage the existing Loan Guaranty and Interest Insurance and Subsidy program which provides low-interest loans to Indian tribes and tribal energy resource development organizations for use in the promotion of energy resource development on Indian land and integration of energy resources.

In addition the Department published proposed regulations in August 2005 that would implement the provisions of Title V that authorized the Department to enter into Tribal Energy Resource Agreements with tribes that would give them greater flexibility in managing a wider spectrum of energy development activities. The Department is considering the comments received from stakeholders on the proposed regulations and hopes to have final regulations published in the near future.

*Question 114.* Is the \$11.7 million proposed for BIA Indian energy programs adequate to carry out the DOI's responsibilities under Title V of the Energy Policy Act of 2005?

Answer. The \$11.7 million identified in the President's proposed FY 2008 budget for minerals and mining reflects all of the funds requested to manage the minerals and mining programs and not only Title V initiatives. The funds are used to support various minerals and mining functions such as review of Indian Mineral Development Act agreements, regional office and agency office oversight, some realty functions, and oversight of inspection and enforcement. These funds will allow the Department to develop a program allowing tribes to initiate activities authorized under Title V of the Energy Policy Act of 2005.

*Question 115.* When do you anticipate you will complete the Indian land rights-of-way report as required by Section 1813 of the Energy Policy Act of 2005?

Answer. The Department of the Interior has worked collaboratively with the Department of Energy since passage of the Energy Policy Act of 2005 to gather information, conduct analysis and develop recommendations for Congress to consider in regards to the issues it raised in Section 1813. A key element of the process has been the very extensive stakeholder consultations that the Departments conducted as we prepared the final report. The Departments published a second draft report in December 2006 and gave stakeholders until February 5, 2007 to comment on the reports contents and recommendations. The Departments have finished consideration of stakeholder comments and suggestions and the draft final report is now undergoing Administration review. We anticipate transmitting the final report to Congress soon.

PAYMENTS IN LIEU OF TAXES (PILT)

*Question 116.* Mr. Secretary, given that the Department of the Interior controls one of five acres here in the United States, and those federal lands have such a importance to counties where they are located, I need to better understand why the Department is proposing to reduce funding for the PILT program from the \$236 million Congress appropriated in FY 2006 down to the \$190 million requested in FY 2008.

Can you tell me why the Administration is unwilling to meet our commitments to the rural counties where most of the Department's lands are located?

Answer. The 2008 budget proposes \$190 million for the Payments in Lieu of Taxes program. Although this is below the 2006 record high level, it is above historical funding levels. In FY 2000, PILT was funded at just under \$134 million. As part of the President's effort to constrain spending and reduce the budget deficit while funding key Departmental priorities, the 2008 budget for the Department makes difficult choices, and this was one of them.

*Question 117.* Mr. Secretary, I am interested in analysis related to the Administration's proposed 18% cut to PILT and the cut and phase out of Forest County Safety Net. The elimination of these programs, or severe reduction in these programs, could have an impact on local governments who have been receiving these payments. I also know that many of these counties have receive payments to help them transition to the new economic reality of reduced timber harvesting for quite some time. Would you have your staff produce the three sets of data I describe in the questions below?

If the federal lands were privately held and managed as they are under current federal management plans, how much local tax revenue would generate?

I believe an analysis similar to this was undertaken by several Forest Service researchers and published in the Journal of Forestry in the middle 1990's. Could you have your staff update that study for both the Forest Service and Department of the Interior agencies and get that to us?

Answer. The analysis that was completed at that time involved the collection and analysis of a significant amount of data, and updating the analysis would be complicated. The Department will assess the feasibility and cost of updating this study and whether the potential benefits of doing so might justify the cost.

*Question 118.* I am interested in knowing what the level of economic activity (direct and indirect jobs and economic activity) was being generated on federal lands in 1990. Compare that to what has been produced in recent years, for example, 2004, or 2005, or 2006. Compare that to the annual total of PILT and Forest Service 25% Payments and BLM O&C Payments that counties received. A total number by State will suffice.

Answer. BLM makes O&C payments only in the state of Oregon.

	Amount
Economic Activity-1990 (Receipts from O&C and CBWR Grant Lands) .....	\$215,258,097
Economic Activity-2006 (Receipts from O&C and CBWR Grant Lands) .....	29,593,251
PILT-1990 .....	2,925,062
PILT-2006 .....	6,595,478
O&C County Payments-1990 .....	104,057,572
O&C County Payments-2006 .....	117,105,152

With regard to the level of economic activity generated on federal lands, the BLM does not have such data and compiling such data would be complicated.

*Question 119.* Would you have your staff provide us with a list of the counties that received payments above and beyond those that would have been produced from the actual BLM O&C 50% Payment revenues and the Forest Service 25% Payment revenues from 1990 through 2006?

Answer. All of BLM's 18 O&C Counties received payments above and beyond those that would have been produced from actual payments, and these O&C Counties are: Benton, Clackamas, Columbia, Coos, Curry, Douglas, Jackson, Josephine, Klamath, Lane, Lincoln, Linn, Marion, Multnomah, Polk, Tillamook, Washington, and Yamhill. Coos County and Douglas County also contain Coos Bay Wagon Road (CBWR) grant lands.

*Question 120.* Please provide a county by county list of the amount each county received in total Forest Service and BLM Owl Guarantee Payments and P.L. 106-393 Payments from 1990 to 2006. I also would like to know what they would have received in the absence of those laws for each year from 1990 through 2006. I want this for any county that was or is qualified to receive either Forest Service payments under the Act of 1908, and or Bureau of Land Management Oregon and California and Coos Bay Wagon Road payments resulting from the O&C Act of 1937 (as amended). Please also include a column in the data that shows the difference between what would have been received under the old laws and what was received as a result of the Owl Guarantee Payments and P.L. 106-393 laws. Finally, please total those figures for each county over the years they received these extra congressionally-mandated payments.

Answer. See attachment labeled "Question 120," which contains files titled "Annual Payments to Counties From O&C Lands fiscal years 1990 through 2006", and "Annual Payments to Counties from CBWR Lands fiscal years 1990 through 2006."

#### ONSHORE MINERAL DEVELOPMENT

*Question 121.* I am disappointed that the President's FY 2008 Budget proposes to repeal several provisions of Section 365 of the Energy Policy Act of 2005. The proposal provides that mineral leasing rentals that currently fund the Permit Pilot Offices would be deposited in the General Fund. Under the President's proposal, the Pilot Offices would be funded with Application for Permit to Drill (APD) processing fees.

Do you believe that seeking fees for APDs, in addition to rentals, would discourage domestic production of oil and gas? If not, why?

Answer. The number of APDs has risen steadily over the past ten years. We expect that trend would continue even if BLM began recovering its costs from industry to process the applications.

*Question 122.* Has DOI recovered fees for processing APDs in the past?

Answer. No. However, the Federal government has utilized cost recovery authority to require identifiable users, rather than the general taxpayer, to pay for costs incurred by the Federal government on their behalf. This includes cost recovery fees in the energy and minerals programs that were proposed in response to a recommendation by an Inspector General Report that BLM collect fees for processing minerals-related documents whenever possible.

*Question 123.* Under this proposal, how would you calculate the amount charged for each APD?

Answer. BLM's 2005 proposed rule (65 FR 78440) to increase fees and impose new fees to cover the cost of processing a variety of mineral-related documents included consideration of an APD fee. Because the BLM determined that a reasonably accurate estimate of the average processing cost could be ascertained for APDs, the proposed rule provided a phase-in schedule for a fixed fee rather than assessing APD fees on a case-by-case basis.

*Question 124.* Do you believe that additional Pilot Offices are needed? If so, where?

Answer. We have not proposed additional Pilot Offices at this time. However, the President's budget retains 2007 increases for domestic energy programs, plus an additional \$3.1 million to address inspection and environmental issues associated with energy development. These funds will be used to perform an additional 1,560 inspections to monitor the effectiveness of oil and gas lease stipulations at 272 locations. The full impact of this additional funding will not be seen for at least one year because of the time necessary to fully certify newly-hired inspectors. Of the total additional inspection capacity funded with the request, BLM will perform 510 additional inspections in 2008.

*Question 125.* Are the Pilot Offices in need of additional staff? If so, which offices and what staff are needed? How do you propose the additional staff would be paid for?

Answer. In FY 2006, BLM authorized a total of 125 new positions, and total costs to BLM, including associated support services and contractor labor were \$13,175,000. BLM has approved 162 total positions for FY 2007. No additional positions for the pilot offices have been authorized for FY 2008 at this time. Thirty-three positions were dedicated full time to inspection and enforcement in FY 2006, with an increase to a total of fifty inspection and enforcement positions for FY 2007. BLM is regularly reviewing staffing requirements at the pilot offices and is making adjustments based on these reviews. The Pilot Office inspection and enforcement positions authorized for FY 2006 and FY 2007 are listed below, by office and job function.

Office	Job Function
Glenwood Springs, CO:	
FY 2006 .....	3 Petroleum Engineering Technicians, 1 Production Accountability Technician
FY 2007 .....	1 Petroleum Engineering Technician
Miles City, MT:	
FY 2006 .....	2 Petroleum Engineering Technicians, 1 Natural Resource Specialist
Farmington, NM:	
FY 2006 .....	4 Petroleum Engineering Technicians, 2 Production Accountability Technicians
Carlsbad, NM:	
FY 2006 .....	4 Petroleum Engineering Technicians, 2 Production Accountability Technicians
FY 2007 .....	4 Petroleum Engineering Technicians, 2 Environmental Protection Specialists
Vernal, UT:	
FY 2006 .....	3 Petroleum Engineering Technicians, 1 Production Accountability Technician
FY 2007 .....	4 Petroleum Engineering Technicians
Buffalo, WY:	
FY 2006 .....	2 Petroleum Engineering Technicians, 1 Production Accountability Technician, 2 Surface Compliance Technicians
FY 2007 .....	3 Surface Compliance Technicians, 1 Natural Resource Specialist
Rawlins, WY:	
FY 2006 .....	3 Petroleum Engineering Technicians, 1 Production Accountability Technician, 1 Surface Compliance Technician
FY 2007 .....	2 Petroleum Engineering Technicians

BLM ENERGY AND MINERALS MANAGEMENT

*Question 126.* I was pleased to see that the President's budget for the BLM includes \$141 million for energy and minerals management. This is a \$33 million (31%) increase from the FY2006 enacted level.

Do you believe that this amount is sufficient to keep up with the increase in energy production on public lands that has resulted from the enactment of the Energy Policy Act of 2005?

Answer. Contributing to domestic energy by implementing the President's National Energy policy is one of the BLM's highest priorities, and we believe the President's FY 2008 Budget supports this effort. The President's budget retains 2007 increases for domestic energy programs, plus an additional \$3.1 million to address inspection and environmental issues associated with energy development.

*Question 127.* Do you believe that the proposed increase of \$3.1 million for inspection and enforcement is adequate to keep up with the increase in APDs granted since the enactment of the Energy Policy Act of 2005?

Answer. The President's budget retains 2007 increases for domestic energy programs, plus an additional \$3.1 million to address inspection and environmental issues associated with energy development. These funds will be used to perform an additional 1,560 inspections to monitor the effectiveness of oil and gas lease stipulations at 272 locations. The full impact of this additional funding will not be seen for at least one year because of the time necessary to fully certify newly-hired inspectors. Of the total additional inspection capacity funded with the request, BLM will perform 510 additional inspections in 2008.

## RURAL FIRE ASSISTANCE PROGRAM

*Question 128.* The President's budget again proposes eliminating the Rural Fire Assistance Program. Rural fire departments are often the first line of defense.

Please describe your rationale for eliminating this program. What affect will this have on rural fire departments' budgets and their ability to respond to fires?

Answer. Although this was a highly successful program, it had achieved the primary goal of updating the equipment and prevention programs in rural fire departments across the country. We are now turning our focus toward the Ready Reserve program, which provides training to rural departments in order to enhance their capability in responding to wildland fires. More than \$1.8 million was allocated to the Ready Reserve program in 2006. Because the money was allocated late in the year, beyond the annual training window, approximately \$1.2 million was carried over to this year and will be used for training rural fire department personnel this coming spring.

## WILDLAND FIRE MANAGEMENT

*Question 129.* The Committee recently held a hearing on wildfire cost containment. At that hearing, a DOI representative testified that the DOI, in collaboration with the Forest Service, was working to implement several cost containment measures.

What progress have you made in implementing these measures and when do you anticipate that the implementation will be completed?

Answer. The Department is currently working with the Forest Service to develop options to control suppression costs, although the specifics are not available at this time. We look forward to working with the committee in the development of these cost control measures. In the interim, the agencies are taking several steps to contain costs.

In the last six years, many reviews focused on cost containment have been conducted by the agencies and external organizations. As a result of these reviews, more than 300 recommendations have been documented to assist both Departments in trimming the costs associated with wildland fire. Many of them have been adopted, or are being considered, by the fire agencies. For example, incident business advisors have been trained and assigned to help contain costs on large fires. Procurement analysts have been assigned to systematically assess alternative sources of supplies for equipment and services. Working closely with the National Association of State Foresters and the International Association of Fire Chiefs, more Type 3 teams have been formed and trained, allowing local resources to manage suppression efforts, which helps to lower costs. These are just a few of the many steps that the Departments have taken to control costs.

The tremendous growth in the wildland urban interface (WUI) continues to challenge fire agencies on all levels. WUI fires are generally more complex and costly to suppress because of the presence of people and homes. The Departments have responded in many ways to alleviate this challenge. For instance, reducing the build-up of biomass in WUIs has been a priority. The 2006 fire season was long and arduous. During that year, more than half of the 2.9 million acres treated were in WUIs. Also, the agencies are emphasizing "Appropriate Management Response," which is a risk-informed, performance-based strategy that will reduce costs by increasing flexibility in wildland fire decisions.

Among the firefighting agencies, we are continually assessing which actions and efforts will bring about the greatest return in the shortest time, all the while recognizing that protection of life and property are our highest priorities.

*Question 130.* To what extent can you work with other agencies to ensure that fire management activities are undertaken at the greatest value to the taxpayer?

Answer. Over the past 20 years, the Federal agencies have developed strong relationships with each other and with State and local cooperators in wildland fire suppression. The assistance by cooperators on Federal fires has grown, as well as cooperative efforts to suppress fires that cross ownership boundaries. Over time, the need to maximize efficiency and effectiveness has required the sharing of resources to fight these multi-jurisdictional fires across the landscape. The sharing of responsibilities, resources, and costs is often determined through cooperative agreements among the affected entities. Local units develop individual cost-sharing agreements for each large fire under the umbrella of a master cooperative agreement, with the State. We recognize the need to review existing master cooperative agreements with our State partners and ensure consistency with the 2001 update to the Federal Wildland Fire Management Policy. Toward this end, the Departments are working with the States on an interagency master cooperative agreement template to improve cost-share methods and provide greater consistency across the country. As

mentioned previously, DOI is currently working with the Forest Service to develop further measures to control suppression costs.

UNITED STATES GEOLOGICAL SURVEY

*Question 131.* Mr. Secretary, the President's FY2008 budget requests \$22.9 million for the Mineral Resources Program. This is a decrease of 43 percent from the FY2006 enacted level. As you are aware, the DOI and non-federal entities rely heavily on the information that is provided by this Program.

Do you believe that the significant funding decrease for the Mineral Resource Program will impair our ability to fully understand the nature and extent of the mineral resources managed by the DOI?

Answer. The budget focuses USGS on those areas of the Mineral Resources Program that are most critical to Federal, including DOI, needs. Despite reductions, the USGS will maintain overall program effectiveness to the extent possible.

UNCONVENTIONAL FUELS

*Question 132.* The Department of Energy estimates that technically recoverable oil shale in the United States is roughly equivalent to three times Saudi Arabia's oil reserves. Section 369 of the Energy Policy Act of 2005 directs the Secretary of the Interior to undertake several actions in order to promote the development of unconventional resources. I am very pleased that you included \$4.4 million for ongoing oil shale activities. This is an increase of \$1 million from the FY2007 request.

Please explain to the Committee your progress in completing the programmatic EIS for the commercial leasing of oil shale and tar sands.

Answer. The BLM completed data collection in November 2006 and is currently working on all aspects of the programmatic environmental impact statement (PEIS) analysis. We anticipate release of the PEIS in July 2007, a preliminary final PEIS in January 2008, and a Record of Decision in June of 2008.

*Question 133.* When do you anticipate you will complete the regulations for a commercial oil shale and tar sands leasing program?

Answer. On August 25, 2006, the BLM published an Advanced Notice of Proposed Rulemaking (ANPR) requesting comments on 5 items to be considered in developing regulations for oil shale commercial leasing. The comments are being considered as the BLM drafts regulations on oil shale commercial leasing. The BLM currently anticipates publishing a proposed rule in the Federal Register in September 2007.

*Question 134.* What steps are you taking to ensure that the concerns of those communities that may be affected by a commercial leasing program are addressed?

Answer. The BLM is collaborating closely with state and local governments in Colorado, Wyoming and Utah to ensure that their interests and concerns are addressed as efforts to develop federal oil shale resources continue. Fourteen state and local government agencies are participating as cooperating agencies during development of the programmatic environmental impact statement and have signed memoranda of understanding toward this end. The BLM also held a listening session with state representatives from Utah, Colorado, and Wyoming to hear and capture their concerns related to the regulatory initiative. We plan to have at least one more listening session prior to proposing the oil shale leasing regulations.

*Question 135.* What do you believe is the greatest impediment to the commercial development of unconventional fuels?

Answer. In general, the key question is whether oil shale and gas hydrates can eventually be produced economically, as determined by the producers. Many factors affect the commercial viability of unconventional fuels; BLM's role is making the resource available, where appropriate, through leasing while ensuring appropriate environmental safeguards. The BLM is moving forward on efforts to support the commercial development of these fuels with particular focus on oil shale and gas hydrates. We recognize the enormous potential of oil shale resources in the United States. Oil shale resources underlie a total area of 16,000 square miles, the largest known concentration of oil shale in the world, and hold 1.5 to 1.8 trillion barrels of oil equivalent in place within the Green River Formation (includes Utah, Colorado, and Wyoming), 800 billion of which are estimated to be technically recoverable. With the recent spikes in oil prices, there has been renewed interest among some companies to find a way to economically produce oil from shale. The BLM is currently preparing a Programmatic EIS which will analyze issues associated with commercial oil shale and tar sands leasing on Federal land. Draft regulations for oil shale leasing are expected to be published in 2007.

Working with other federal agencies and industry, BLM also is supporting natural gas hydrate assessments on lands within Alaska's Arctic North Slope. The objective of the work is to better define hydrate resources, to understand the factors which

affect their producibility and to identify environmental hazards that may be generated by the production of hydrates so that BLM can ensure proper management of any potential future production on Federal lands.

*Question 136.* What can we learn from the Canada in their development of tar sands?

Answer. The tar sands found in Alberta, Canada are not comparable to the tar sands found in Utah because they are geologically different deposits with different characteristics, requiring different technologies for development.

#### GILA RIVER SETTLEMENT BIOLOGICAL ASSESSMENT

*Question 137.* The 2004 Arizona Water Rights Settlement specified conditions under which New Mexico could develop a water project on the Upper Gila River. To meet the requirements of that agreement, the New Mexico Interstate Stream Commission has undertaken an environmental assessment effort. In 2005, the Bureau of Reclamation committed to fully participate and financially support these assessments in the Upper Gila River.

Please explain why USBR funds for participating in this process are not included in the FY2008 budget.

Answer. Reclamation's FY 2008 budget request does include \$250,000 within the Colorado River Basin Project-Central Arizona Project item to continue collecting and evaluating necessary preliminary environmental data to assist New Mexico in deciding whether to build a New Mexico Unit. Current efforts focus on New Mexico's collaborative process to assist the Fish and Wildlife Service (FWS) in producing a preliminary report under the Fish and Wildlife Coordination Act by 2009, addressing the effects of potential allowable water withdrawals from the Gila River system.

*Question 138.* How do you respond to the claim that the USBR and Fish and Wildlife have been less than cooperative in participating in the development of an environmental assessment?

Answer. Reclamation and the Fish and Wildlife Service are active participants in the State of New Mexico's decision-making process and have been since the Arizona Water Rights Settlement Act was passed. Both Reclamation and FWS signed a Memorandum of Understanding with the New Mexico Interstate Stream Commission, the Southwest New Mexico Water Planning Group, and the New Mexico Office of the Governor in March 2006 creating the Gila-San Francisco Coordinating Committee (GSFCC) to collaboratively evaluate the environmental effects of potential water withdrawals. Both Reclamation and FWS are members of the GSFCC, and Reclamation is one of the co-chairs of the Technical Subcommittee, a member of the Public Involvement Subcommittee, a member of Sandia National Laboratories decision-making model development team to assist in regional planning efforts, and an active participant in other collaborative efforts including the Gila Science Forums. The FWS has assigned three staff people from the New Mexico Ecological Service Office (NMESFO) to participate in the process and participate in all of the committees and in the Gila Science Forums. A formal environmental assessment under NEPA and other environmental compliance activities including those under the Endangered Species Act will be performed when specific project alternatives are proposed. Based on New Mexico's process for finalizing their decision to the Secretary by 2014, we anticipate the evaluation of alternatives and associated environmental compliance activities to begin in approximately 2010.

*Question 139.* How do you plan to improve the Department's participation in the development of an environmental assessment?

Answer. Reclamation is identified as the lead agency for environmental compliance with New Mexico as joint lead if they so request. In this role, Reclamation will continue to actively participate in all activities associated with the New Mexico Unit of the Central Arizona Project under the terms of the AWSA, and with the GSFCC as New Mexico works through the collaborative decision-making process to determine the viability of a New Mexico Unit and other water utilization alternatives to meet water supply demands in the Southwest Water Planning Region of New Mexico. FWS support of Reclamation's environmental compliance activities is a key element in successfully fulfilling Reclamation's role.

#### TULAROSA BASIN DESALINATION FACILITY

*Question 140.* Over the past five years, I have provided funding for the construction of a Tularosa Basin Desalination Research and Development Center in New Mexico. As you are aware, I included a provision in the FY2007 Energy and Water Development Appropriations Bill that would direct the Secretary of the Interior to transfer O&M of the Facility to New Mexico State University.

What is the status of the Tularosa Facility's construction and when do you anticipate the facility will be completed?

Answer. The Tularosa facility is in the final stages of construction and scheduled to be completed in May 2007.

*Question 141.* Who will manage the facility from the time the facility is completed until Congress is able to transfer O&M of the facility to NMSU?

Answer. Reclamation is preparing to enter into a commissioning contract to test and prepare the facility for long-term operations. A commissioning contract is commonly used by GSA and has proved to be an effective method to test and transition facilities from construction to long-term operations. The commissioning contract is expected to last for a period of 6 to 9 months. A pre-approved GSA commissioning contractor will be competitively selected for the contract.

#### MINNOW SANCTUARY

*Question 142.* The Reasonable and Prudent Alternatives specified in the 2003 Fish and Wildlife Service's Biological Opinion on the Rio Grande Silvery Minnow required the construction of two minnow refugia. In order to comply with this mandate, I have secured funding for the construction of a minnow sanctuary.

What is the status of the sanctuary's construction and when will it be completed?

Answer. The first two phases of construction are complete including concrete work in the Albuquerque Riverside Drain and earthwork and grading on the sanctuary's channels and pools. We anticipate awarding a contract for the final phase of construction in June. This will include remaining structures and all the necessary pumps, piping, fish screens, and mechanical, electrical, alarm, and control systems. We expect to complete construction by December, 2007.

*Question 143.* Does the USBR have sufficient funding in FY2007 to complete construction of the Minnow Sanctuary or will additional FY2008 funds be required?

Answer. Reclamation expects to have sufficient funds in FY 2007 to complete construction.

*Question 144.* Will you please provide my office with a long-term operations plan for the Sanctuary?

Answer. Reclamation and the U.S. Fish and Wildlife Service are developing a detailed operations plan for the sanctuary. We will provide it to your office as soon as it is complete.

#### ANIMAS-LA PLATA PROJECT

*Question 145.* Despite past claims of mismanagement and poor planning and oversight, the A-LP project is now proceeding at an acceptable rate. The President's budget calls for \$58 million for the project in FY 2008. However, some of the project beneficiaries claim that the project requires \$75 million in FY 2008 to keep it on schedule and to keep total project costs to a minimum.

Do you believe that the \$58 million requested is adequate to keep the project on schedule?

Answer. A funding level of \$58 million in FY 2008 is adequate to keep the project on its currently published schedule. This schedule does reflect "projected" delays.

*Question 146.* What precautions are being taken to ensure that there are not further cost overruns with the project?

Answer. We have refined and streamlined reporting within Reclamation for the A-LP. The Four Corners Construction Office is responsible for all matters pertaining to the construction of the project. This office is managed by a Project Construction Engineer who reports directly to the Regional Director of the Upper Colorado Region in Salt Lake City, Utah. The construction office continually evaluates ways to save costs and still maintain the project features. Cost tracking procedures implemented in 2004 now relate all project costs to the cost estimate (indexed for inflation) for early detection of problems. This cost information is shared with the Project Sponsors on a bi-monthly basis.

*Question 147.* Will providing greater appropriations in the near-term keep down the total cost of the project?

Answer. Higher levels of funding would allow work to be completed in an efficient manner and allow the Navajo Nation Municipal Pipeline to proceed thereby reducing the projected delay of 1¾ years in delivering water to The Navajo Nation at Shiprock, New Mexico. Additional funding would allow work to start earlier on several features which will minimize the impacts of inflation on construction costs and reduce the overall cost of the project.

UNITED STATES BUREAU OF RECLAMATION (USBR) 2003 BIOLOGICAL OPINION FLOW  
REQUIREMENTS

*Question 148.* The USBR is tasked with providing water in order to comply with the Fish and Wildlife Service's 2003 Biological Opinion. However, it is unclear where the USBR will obtain this water once the Albuquerque-Bernalillo County Water Utility Authority begins diverting its allocation of San Juan-Chama Project water. The President's FY2008 USBR budget proposes a 17 percent decrease to the Middle Rio Grande Project from FY2006 enacted levels.

In light of potential water shortages, how will the USBR meet the requirements of the 2003 Biological Opinion with the proposed budget, particularly when the cost of water may increase significantly?

Answer. With careful management, Reclamation's current water supplies should be adequate to meet Biological Opinion requirements through FY 2007. Reclamation is engaging stakeholders in the basin to ensure those supplies are conserved and to develop contingency plans for meeting Biological Opinion requirements.

*Question 149.* San Juan—Chama Project water cannot be used for meeting the requirements of the ESA unless it is acquired by a "willing seller or lessor". If water cannot be acquired from project contractors, where do you anticipate you will get the water to meet the requirements of the ESA in 2008?

Answer. Reclamation is continuing to work with San Juan—Chama contractors who are willing to lease water for Biological Opinion requirements. Numerous contractors continue to be willing to enter in to such agreements. In addition, Reclamation is working with stakeholders in the basin to conserve current supplies for use in 2008.

*Question 150.* What are you doing to address this potential problem?

Answer. Reclamation is actively pursuing participation of stakeholders in the basin to help conserve current supplies and develop new ways of operating to meet ESA needs. This includes working closely with the Fish and Wildlife Service to ensure understanding of the prioritization of ESA needs in order to more effectively and conjunctively manage the system and water secured for ESA purposes.

MIDDLE RIO GRANDE BASIN

*Question 151.* The USGS budget proposes \$1.5 for the Middle Rio Grande Basin. On what activities will this money be spent?

Answer. Basins of the Rio Grande in the southwestern United States encompass the main city areas of northern New Mexico (e.g., Santa Fe and Albuquerque) and are home to half the population and to a similar portion of the economy. The vitality of Middle Rio Grande basin communities and economies depends on satisfying the growing demands for water, including drinking water, extracted from complex aquifers, yet knowledge of the aquifer systems and sustainability of the resource are poorly known. To address this need in the Albuquerque area, the USGS, in cooperation with the City of Albuquerque, New Mexico, Office of the State Engineer, and Bernalillo County, is monitoring ground-water-quality at multiple depths, researching the interaction between surface- and ground-water resources to help local water managers determine the impact of withdrawals both from the aquifer system and from the Rio Grande, and researching the rate at which the aquifer can recharge itself after water is withdrawn. Related USGS investigations include (1) studies of the geologic framework of the basin region, which will provide critical information on ground-water aquifers, hazards (seismic, subsidence, landslide), and resources and (2) studies in the San Luis Basin, which will improve ground water models used for management of the Rio Grande.

RURAL WATER IMPLEMENTATION

*Question 152.* Please describe how the Department will implement Title II of the Rural Water Supply Act of 2006.

Answer. Reclamation is currently in the process of developing a Notice of Proposed Rulemaking to publish in the Federal Register as required in Section 204 of the Act. The rule will cover both eligibility criteria and program administration. Approval from OMB for information collection required to assess potential loan guarantee requests will be sought concurrently. Appropriations in the amount of \$1 million have been requested for FY 2008.

NEW MEXICO EMERGENCY DROUGHT WELLS

*Question 153.* With funding I secured in 2006, the USBR began construction of five water wells for the communities of Ruidoso Downs, Village of Ruidoso, Capitan,

Cloudcroft, and Las Vegas. To date, only one well has been completed. There is the possibility that these communities may again face drought in 2007.

When do you anticipate the remaining wells will be completed?

Answer. Well construction has been completed at Ruidoso Downs and Cloudcroft, but test pumping continues to be done at Cloudcroft, and neither system has been connected to municipal water systems. Continuation of development and test pumping of the Cloudcroft well has been suspended until later in the spring because it is believed that this will be more effective if some recharge of the well is allowed to occur. Wells at Ruidoso and Las Vegas are in the final stages of construction and they should be completed within the next few weeks. Work has not been initiated on the well at Capitan pending completion of the well at Las Vegas.

*Question 154.* Please explain why completion of the wells has taken as long as it has.

Answer. Wells at Ruidoso Downs and Cloudcroft were completed without extraordinary delays. Some problems were encountered with the development pumping at Cloudcroft and a decision was made to suspend this operation until later in the spring to allow some recharge to occur. The driller had some problems obtaining needed equipment for the well at Ruidoso which caused some delay during the pilot hole boring. The Las Vegas well is a large, deep hole in formations that have been difficult for the contractor to drill into. Nevertheless, the construction process at the Las Vegas well has been completed and the well is currently undergoing development pumping.

*Question 155.* Is additional funding necessary for their completion?

Answer. The actual costs for the drilling of the Las Vegas well have thus far significantly exceeded preliminary estimates. Well drilling is not an exact science and the potential always exists that extraordinary conditions may be encountered.

#### USBR SITE SECURITY COSTS

*Question 156.* Since September 11, 2001, the Bureau has been working to increase the security at Reclamation facilities. In May 2005, in response to Congress, the Bureau submitted a report with a breakout of planned reimbursable and non-reimbursable security costs by project and region. In its FY 2006 budget request, the Administration proposed that costs for guards and patrols be subject to reimbursement. The report language allowed Reclamation to collect \$10 million out of the \$18.9 million in such reimbursable costs from water and power customers.

Given the Continuing Resolution for FY 2007, the customers believe the same \$10 million limitation should apply. However, in the recent budget request, the Bureau states that "in FY 2007 and FY 2008, Reclamation plans to collect all reimbursable costs for guards and patrols totaling \$18.9 million."

Is it the Bureau's intention to collect the full \$18.9 million in projected reimbursable costs for guards and patrols, despite the FY 2006 Energy and Water Appropriations Report language limiting this collection to \$10 million?

Answer. The Bureau of Reclamation is in the process of evaluating how much it is authorized to collect under the FY 07 continuing resolution.

*Question 157.* Are other project beneficiaries being held accountable for these increased security costs?

Answer. Project beneficiaries pay in accordance with project cost allocations.

#### WATER 2025

*Question 158.* Please describe Reclamation's future vision for the Water 2025 program and any necessary authorities needed to implement the program.

Answer. Water 2025 has two purposes. First, it provides a basis for a public discussion of the realities that face the West so that decisions can be made at the appropriate level in advance of water supply crises. Second, it sets forth a framework to identify the problems, solutions, and a plan of action to focus limited resources as the Department of the Interior works with States, Tribes, local government, and the private sector to meet water supply challenges.

In FY 2006, Reclamation worked with the Office of Management and Budget to develop long term goals and an implementation plan for Water 2025. The overarching goal of Water 2025 is to prevent crises and conflict over water in the West. Water 2025 will attain this long-term goal by increasing certainty and flexibility in water supplies, diversifying water supplies, and preventing crises through added environmental benefits in many watersheds, rivers and streams.

As provided in the implementation plan, Water 2025 projects and activities will continue to focus on geographic areas highlighted in the illustration, Potential Water Supply Crises by 2025, May 2003, ("Hot Spot Illustration"), where competing demands for water for people, cities, farms, and the environment mean that water-

related crises have the highest likelihood of occurring. As the program moves forward, Reclamation will update the Hot Spots Illustration on a regular basis; the first such update is currently underway. Water 2025 projects and activities will be concentrated on establishing collaborative partnerships to address water supply issues by creating water markets in conformance with existing laws, increasing water delivery efficiency, and eliminating interruptions in water supplies, such as those resulting from endangered species requirements or court actions.

As in previous years, leveraging limited Federal dollars through the Water 2025 Challenge Grant Program will continue to be a major component of the program. Second, water system optimization reviews, a new component of Water 2025 will be introduced in FY 2008. Through system optimization reviews, Reclamation will work with willing States, irrigation and water districts, and other local entities, on a 50-50 cost-share basis, to assess the potential for water management improvements to optimize efficiency.

For the first four years of the program, FY 2004 through FY 2007, authority to enter into cooperative agreements with States, Tribes, irrigation districts and others under Water 2025 has been provided through the annual appropriation process. However permanent authorization is needed to ensure the long-term effectiveness of the program.

The permanent authority that is required to implement the program would authorize the Secretary to enter into grants and cooperative agreements with States, Tribes, irrigation districts, water districts, or other organizations with water delivery authority to fund up to half of the cost of making improvements that will prevent water-related crises and conflicts in watersheds that have a nexus to Federal water projects in the West, including actions that conserve water, increase water use efficiency, facilitate water markets, enhance water management, or other actions.

*Question 159.* Please describe the major accomplishments of the Water 2025 after its four years of existence. Specifically, how have funds that have been appropriated for the program reduced conflict amongst water users?

Answer. Since 2004, the Challenge Grant program has funded 78 projects to carry out approximately \$64.1 million in water system and water management improvements across the West (approximately \$16.4 million in Federal investment and approximately \$47.7 million in non-Federal cost-share). A brief summary of each of the 78 projects funded is available at <http://www.doi.gov/water2025/grant.html>. Those 78 projects (to be completed within two years from the date of award) will create new water banks, promote the use of advanced technology to improve water management, and increase collaboration among Federal, State, tribal, and local entities.

Based on estimates in the project proposals, the 78 projects funded in FY 2004, FY 2005, and FY 2006 could save up to 296,000 acre feet per year, collectively, once fully implemented. These projects incorporate the following improvements:

- 26 projects, collectively, will convert 81 miles of dirt canals to pipeline.
- 53 projects include installation of water measurement devices, SCADA systems and automated water delivery systems.
- 12 projects include water marketing plans.

The first projects funded under the program are beginning to be completed and have already helped to form collaborative alliances that will help to prevent future water conflicts. For example, the Central Oregon Irrigation District, an FY 2004 Challenge Grant recipient, has established a pilot water bank in the Deschutes Basin through an alliance of seven irrigation districts, six cities, three tribes and the Deschutes Resource Conservancy (the "Deschutes Water Alliance" or the "Alliance"). Deschutes County is experiencing the most rapid population growth anywhere in Oregon, and there is a moratorium on further groundwater pumping without a mitigation plan. Accordingly, the only available source of supply to meet expanding water supply needs must come from water transfers or water conservation.

The pilot water bank will facilitate water sales and transfers among water users, with the goal of addressing long-term water needs for urban water supply, irrigation, and industrial uses, and for instream needs for ESA listed fish species. The irrigation district members of the Alliance are undertaking voluntary water conservation measures to supply water to the bank, and will be the bank's primary suppliers. Water purchasers will include irrigation districts with unreliable water supplies, the Central Oregon Cities organization, and affiliated drinking water suppliers, the Deschutes Resource Conservancy which needs water to restore instream flows, and other water users in the basin.

In Utah, the Bear River Small Irrigators, Inc. have used their FY 2004 Challenge Grant to install a real-time, automated water diversion reporting system along the Bear River. The project is an integral part of a plan to automate diversions from

the headwaters of the Bear River to the Great Salt Lake. The system will provide accurate and timely water diversion data so water users can optimize their water use. The absence of such data in the past has led to water "hoarding" due to delays and inconsistencies in reporting. Others besides the irrigators will benefit from this project as well because the conserved water will be made available for lease. It is anticipated that the project will also increase the natural flows remaining in the system which will help meet environmental needs downstream.

In Arizona, the Yuma County Water Users Association used their FY 2004 Challenge Grant to expand a state-of-the-art monitoring and control system on the Association's main canals, install flow measurement devices and upgrade water data archiving and tracking systems, to allow more efficient management of water deliveries. The Association estimates that the project will result in a water savings of between 12,000 and 20,000 acre feet per year. The Association is located in the southwest corner of Arizona, bordered by Mexico and California. The saved water will allow the Association to decrease its diversions from the Colorado River, freeing up more water for growing metropolitan areas in Arizona and other junior water users on the Colorado River.

#### ESA COLLABORATIVE PROGRAM

*Question 160.* Mr. Secretary, in order to address endangered species issues in the Middle Rio Grande Valley, I established the Middle Rio Grande Endangered Species Act Collaborative Program. As you are aware, this provides a forum for all interested parties to discuss ways to address endangered species issues in a cooperative way and has been largely successful in producing consensus.

How is compliance with the 2003 Biological Opinion proceeding? Do you feel that adequate funds for this purpose are included in the President's budget request?

Answer. Compliance with the 2003 Biological Opinion is currently proceeding satisfactorily. The request in the FY08 budget anticipates continued participation, as agreed, by all Federal and non-Federal partners for the non-water activities of the Collaborative Program such as minnow rescue, species and water quality monitoring and research, and habitat planning, construction, and monitoring activities.

*Question 161.* What construction activities required by the 2003 Biological Opinion do you anticipate will be completed in Fiscal Year 2008?

Answer. The Rio Grande silvery minnow sanctuary will be constructed. Environmental clearances for fish passage at San Acacia Diversion Dam will be completed and the project will be in the final design stage. Habitat restoration construction will be on track.

*Question 162.* Will the USBR work with federal agencies, state government agencies, tribes, local government and other non-governmental groups in implementing the ESA Collaborative Program?

Answer. Yes.

#### USBR DESALINATION RESEARCH PROGRAM

*Question 163.* I am interested in the process and the schedule the Administration will undertake to develop both a short and long-term strategy within your desalination research program.

What portion of the funds do you intend to provide for in-house research vs. extramural grants?

Answer. For FY 2008, Reclamation has requested approximately \$6.6 million for desalination research. Approximately \$1.6 million of this request is intended for in-house research with the balance of approximately \$5 million supporting external research.

*Question 164.* Please describe what the guiding principles/goals of the program would include.

Answer. Reclamation's goal is to advance the state of the art in high risk, applied research and development specifically targeted at reducing the cost of treating impaired waters and to enhance non-federal partnerships to accelerate the implementation of improved technology, including the resolution of non-technical impediments to water use, consistent with the Administration's R&D investment criteria. Our objective is to focus investments on R&D and leverage investments with other federal and non-federal entities to facilitate the efficient advancement and deployment of technologies and best practices. A secondary objective is to assure that knowledge generated from this investment is available/transferable to communities looking for solutions.

*Question 165.* Please describe which broad BOR mission areas would be supported by the desalination research.

Answer. Reclamation's vision is to provide opportunities that can expand water supplies, in a sustainable manner, and relieve stress on Western rural communities, Native Americans, and the Western watersheds supporting Reclamation projects.

*Question 166.* Please describe how you intend to coordinate with other federal/state/local and commercial entities within the desalination research program.

Answer. At the policy level, Reclamation and the other Federal agencies involved in water resources research and development are working under the guidance of the White House Office of Science and Technology Policy Subcommittee on Surface Water Availability and Quality and the Interagency consortium for Desalination and Membrane Separation Research to coordinate Federal R&D for water availability to ensure an adequate water supply for the Nation's future.

#### INDIAN WATER RIGHTS SETTLEMENTS

*Question 167.* Mr. Secretary, un-adjudicated Indian water rights claims in the western United States are a great source of uncertainty. In my view they pose the greatest impediment to effective water management in the West. During your confirmation hearing before this Committee, you committed to Senator Bingaman and me that you would make New Mexico Indian water rights settlements a priority. These include the Aamodt, Abeyta and Navajo settlements.

What progress have you made with respect to the Aamodt, Abeyta, and Navajo settlements?

Answer. The Aamodt and Abeyta settlements both seek federal contributions of water or funding to acquire water. The Bureau of Reclamation has completed a study of evaporation surplus a Cochiti reservoir to determine if additional water from that source would be available to supplement un-contracted San Juan Chama supplies, and we have met with the parties and provided draft copies of the study to them and asked for comments. The study showed that some surplus is available. At the direction of the Secretary, Counselor Bogert met with the parties to both settlements in New Mexico on March 14-15, 2007 to discuss water supply issues. The United States has presented the parties with a proposed level of Federal contribution in Aamodt. In Abeyta, the Department's Working Group on Indian Water Settlements met on March 1, 2007 to consider a recommended federal contribution to the Abeyta settlement. Another meeting is anticipated to be scheduled in April. In the meantime, consultations with OMB and DOJ are on-going.

The Bureau of Reclamation is scheduled to release a planning report/draft environmental impact statement (PR/DEIS) to the public by the end of March on the proposed Navajo-Gallup Water Supply Project, (Project). As you are aware, this project, which is designed to provide for a treated water pipeline through the Navajo Nation, the city of Gallup, and the Jicarilla Apache Nation, is the centerpiece of the Navajo settlement. The PR/DEIS will include an analysis of the potential environmental impacts of constructing and operating the pipeline as well as an appraisal level cost estimate using 2005 construction cost indices. Reclamation is also re-pricing the cost-estimate to provide appraisal level information based on 2007 costs. This additional information should be available in June of this year.

*Question 168.* When do you anticipate you will complete your study to determine if there is additional water available from the San Juan-Chama Project as a result of an over-estimation of evaporative loss from Cochiti Reservoir?

Answer. The Bureau of Reclamation has completed a study of evaporation surplus a Cochiti reservoir to determine if additional water from that source would be available to supplement un-contracted San Juan Chama supplies. The Department provided copies of the study to the parties and asked for their comments. The study showed that some surplus is available.

*Question 169.* When will you provide the parties to the Abeyta settlement an official administration position on their proposed settlement?

Answer. The Counselor to the Secretary met with the parties on March 15, 2007, and advised them that we will provide the parties with an administration position as soon as it is available. The Department's Working Group on Indian Water Settlements met on March 1, 2007, to consider a recommended federal contribution to the Abeyta settlement. Another meeting is anticipated to be scheduled in April. In the meantime, consultations with OMB and DOJ are on-going.

*Question 170.* How do you plan to secure a commitment from OMB that a reasonable federal contribution will be made available for the New Mexico Indian water rights settlements?

Answer. We will continue to meet with OMB to keep them informed of developments in the New Mexico settlements and to work with them to identify approaches to these settlements that are fair to taxpayers as well as the settling parties.

INDIAN WATER RIGHTS SETTLEMENTS—SAN JOAQUIN AND ARIZONA WATER RIGHTS  
SETTLEMENTS

*Question 171.* It is my understanding that OMB recently gave their approval to the proposed San Joaquin Settlement which is estimated to cost roughly \$650 million. Additionally, the Administration did not oppose the Arizona Water Rights Settlement Act which cost roughly \$2.4 billion.

Please explain why these settlements received favorable treatment from OMB while the New Mexico Indian water rights settlements have not.

Answer. OMB's analysis of Indian water rights settlements is predicated upon the "Criteria and Procedures for the Participation of the Federal Government in Negotiations for the Settlement of Indian Water Rights Claims" (55 FR 9223). With respect to Federal contributions, the Criteria and Procedures provide that Federal contributions to a settlement should not exceed the sum of the calculable legal exposure and additional costs related to Federal trust or programmatic responsibilities. Of particular interest to the Administration in determining calculable legal exposure is the liability facing the United States if no legislative settlement is reached. In the case of the Arizona Water Rights Settlement Act, the settlement concluded a lawsuit over the financial repayment obligation of Arizona water users for the Central Arizona Project (CAP), with significant amounts of money at stake. The San Joaquin Settlement referred to in this question was not an Indian water rights settlement, but the calculable legal exposure was part of the analysis. The San Joaquin settlement would bring to an end a multiyear lawsuit, and continued litigation would expose the parties to the risk of significant costs. In situations where the proposed Federal contribution outweighs the litigation exposure, Administration support for a settlement requires that the additional contribution be closely related to programmatic responsibilities that cannot be funded through the regular budget process.

*Question 172.* Do you believe that your proposed budget of \$34 million for the Indian Land and Water Claims Settlement Fund is adequate to settle unresolved Indian land and water claims in FY2008?

Answer. The Indian Land and Water Claims Settlement Fund line item in the budget is adequate for its intended purpose of fulfilling BIA's commitment under enacted Indian land and water settlements. Funding for ongoing negotiations to settle unresolved Indian land and water claims is provided under several other items in the DOI budget, including Water Resources Management in BIA's budget.

*Question 173.* How does the Administration propose it will fund the Aamodt, Abeyta, and Navajo settlements which, in sum, will require a federal contribution of roughly \$1.1 billion?

Answer. The Administration is working closely with the New Mexico delegation to identify mechanisms to satisfy the needs of the parties to these settlements.

ISLETA SETTLEMENT

*Question 174.* Mr. Secretary, the Administration has entered into a Settlement Agreement with Pueblo of Isleta regarding the Department of the Interior's alleged mismanagement of the Pueblo's lands and natural resources. The President's FY 2008 budget request includes \$2.4 million for the Pueblo of Isleta Settlement.

The settlement resolves the claims of the Pueblo of Isleta against the United States. It provides funding to restore, improve, and develop on-reservation land and natural resources of the Pueblo. The required Department portion of the \$40.0 million settlement is \$7.4 million proposed to be funded over three years.

How will this initial funding be used?

Answer. The Department of the Interior's portion of the settlement is \$7.2 million. The \$7.2 million would be used for the drainage and remediation of approximately 1,081 acres of waterlogged agricultural land and carrying out the rehabilitation and remediation of forest and range land. The Pueblo of Isleta will be required to match the appropriated funds and provide assurances that the Pueblo will deliver the matching funds prior to the Secretary making a distribution of the appropriated funds.

*Question 175.* What is the total portion of the settlement attributable to the Department of the Interior?

Answer. The Department's total portion of the settlement is \$7.2 million.

*Question 176.* Are you planning to continue to budget for this settlement through FY 2010?

Answer. Yes, the Department will plan on seeking appropriations in accordance with the settlement agreement.

BIA WATER RIGHTS NEGOTIATIONS/LITIGATION FUND

*Question 177.* Mr. Secretary, you propose a \$1 million decrease for both the BIA water rights negotiations/litigation fund and the litigation support/attorney's fees fund.

Do you believe that the Indian nations will be able to represent their interests in water rights settlement negotiations with the amount of money you have proposed for these accounts?

Answer. The funding requested will provide support for tribes involved in litigation, negotiation, or administrative proceedings.

NATIONAL PARK SERVICE—RECREATION/ENTRANCE FEES

*Question 178.* National Parks are allowed to collect entrance and user fees. Eighty percent of the fees are retained by the unit at which the fees are collected and the remaining 20% is placed in a general fund for distribution throughout the National Park system. The current program is based on a Fee Demonstration Program and subsequent legislation enacted in the 108th Congress. Interest groups have expressed concern that fee is a form of taxation.

How much money has the National Park Service collected since the recreation fee demonstration program/Public Lands Recreation Enhancement Act began? Provide a breakdown by NPS unit and state.

Answer:

NPS COLLECTIONS 1997-2006

[In Millions of Dollars]

Year	Amount
1997 .....	45.1
1998 .....	136.8
1999 .....	141.4
2000 .....	133.6
2001 .....	126.2
2002 .....	125.7
2003 .....	123.5
2004 .....	128.6
2005 .....	28.2
2006 .....	135.1
<b>Total NPS Collections .....</b>	<b>1,220</b>

Note.—Specific park amounts in the attached report have not been reconciled to official treasury reports.

Due to the volume of the data requested on the recreation fee program, collections by NPS unit, by fiscal year, will be provided by the National Park Service under separate cover.

*Question 179.* How has each unit of the National Park System benefited from funds collected in accordance with the Recreation Fee Demonstration Program and the Public Lands Recreation Enhancement Act since October 1, 1996? For each unit of the National Park System, provide one or more examples of a project funded by recreation fees.

Answer. Every unit of the National Park Service has benefited from the Recreation Fee Program, either by the unit's collection and retention of 80% of its fees or by projects funded from the 20% funds. All units have benefited by the Servicewide projects that have national application, such as development of a content management system for the park-specific web pages. With the new Federal Lands Recreation Enhancement Act, the NPS changed the basic revenue retention formula to allow parks that gross less than \$500,000 per year to retain 100% of their revenues. Due to the volume of the data requested on the recreation fee program, a list of funded projects from the Project Management Information System will be provided by the National Park Service under separate cover.

*Question 180.* How much of the total funds collected has the National Park Service spent at units that do not collect fees (i.e., 80% is retained at the site of collection and 20% can be distributed to other sites, some of which may not collect fees of their own; how do sites that do not collect fees benefit from the program)? Provide a list of the units, location by state, and amount of money provided to each unit.

Answer. The National Park Service has distributed \$262,827,420 in Recreation Fee 20% and National Park Pass 30% revenue. Annually, approximately 1/5 of these funds are distributed for individual park's projects identified through the NPS Project Management Information System. The other 1/5 of the funds are used for Servicewide projects where centralized management provides greater efficiency or as part of a Servicewide initiative. Servicewide centrally managed projects include the Public Land Corps, upgrades to the NPS Internet site, and the development of a Incident Management Reporting System. Examples of Servicewide Initiatives are Accessibility and Structural Fire. Early in the fee program, a few parks' start-up costs were supported from the 20% revenues. Due to the volume of the data requested on the recreation fee program, a list of the units, location by state, and amount of money provided to each unit will be provided by the National Park Service under separate cover.

*Question 181.* How many people including seasonal and full-time employees are performing fee collection as 25% or more of their job at each unit of the national park system? Provide a list that includes the following: name of the unit; NPS region; state; number of individuals involved; the average employee pay grade for individuals involved (e.g., GS-7); and average pay for individuals involved.

Answer. The number of employees currently performing fee collection duties Servicewide is 709 FTE. The average grade for a fee collection employee is a GS-05, Step 2, with an annual salary of: \$26,477, which does not include locality adjustments or benefits. Due to the volume of the data requested on the recreation fee program, a list of FTE by unit will be provided by the National Park Service under separate cover.

*Question 182.* Which park units use unmanned fee collection devices to collect user fees? How many unmanned fee collection points does each unit have?

Answer. [No answer received.]

*Question 183.* Since October 1, 1996, how have funds collected in accordance with the Recreation Fee Demonstration Program and the Public Lands Recreation Enhancement Act been used to support facility construction (e.g., kiosks, restrooms, visitor centers, interpretive displays) and the maintenance backlog? Provide a list of all projects by unit of the national park system with a total value of \$100,000 or more and show the proportion of recreation fee money used for each project.

Answer. The primary emphasis for the Recreation Fee Program continues to be to address deferred maintenance. The NPS has approved over \$473 million in project dollars to address this need. With the new Federal Lands Recreation Enhancement Act law, the focus remains on deferred maintenance with a stronger emphasis on facilities with a direct visitor connection. Due to the volume of the data requested on the recreation fee program, list of all facility projects where Recreation Fees partially or completely funded the project will be provided by the National Park Service under separate cover. The list will not include projects that have not completed the approval process and will not include facility projects funded 100% from other fund sources.

*Question 184.* Entrance fees at a number of National Park Service units have recently increased. For example, the fee to enter Black Canyon of the Gunnison changed from \$8 to \$15 per vehicle effective 1 January 2007. Which units of the National Park Service charge an entrance fee, how much is the current fee at each unit, and how has the fee changed since October 1, 1996? Provide a list broken down by units within each region and state. For each unit include the amount charged beginning in 1996 and the new amount and year each time the fee was changed.

Answer. Due to the volume of the data requested on the recreation fee program, list of entrance fee rates will be provided by the National Park Service under separate cover.

#### NATIONAL PARK POLICE

*Question 185.* The DOI budget for FY08 includes an increase of \$8 million for the National Park Police.

How many new vehicles have been purchased or leased for use by the National Park Police each year since October 1, 1996?

Answer. The U.S. Park Police currently have 108 leased vehicles and have purchased 269 new vehicles from 1996 to 2006 as follows:

Year (FY)	Leased <sup>1</sup>	Purchased <sup>2</sup>
1997	<sup>3</sup> 64	29
1998	86	28
1999	89	3
2000	94	4
2001	96	4
2002	120	61
2003	114	74
2004	119	30
2005	104	22
2006	108	14

<sup>1</sup> Leased: the number includes the total number of vehicles leased each year.

<sup>2</sup> Purchased: the number includes only vehicles purchased that year.

<sup>3</sup> Figures do not include the Washington Metropolitan Area as accurate data is not readily available for FY 97.

*Question 186.* How many people in administrative, law enforcement and other positions with the National Park Police have departed the organization since October 1, 1996?

Answer. 551.

*Question 187.* How many people have been hired for administrative, law enforcement or other positions by the National Park Police since October 1, 1996?

Answer. 525.

*Question 188.* Describe each position that has remained vacant for six months or more since October 1, 2001. Include the date it became vacant, the date it was filled, and the reason it remained vacant for 6 months or more.

Answer. In addition to the 551 vacancies created by personnel leaving the agency, numerous other vacancies are created by personnel reassignments from one position to another within the organization. To provide the data requested will require a very extensive hand search of our personnel records. If particular positions of interest are identified, we can research those on a case-by-case basis.

*Question 189.* How much has the National Park Police budgeted and expended each year since October 1, 2001, for each of the following: operations, vehicles, other equipment, construction, maintenance, personnel, and other costs?

Answer. Please see the attached file labeled "Question 189," and containing a chart titled "Park Police."

NATIONAL PARK SERVICE—FUNDING FROM OUTSIDE SOURCES

*Question 190.* The DOI budget includes a proposal to collect funds from outside sources as part of the Centennial Initiative. The National Park Service currently brings in an amount that represents about 12 percent of its budget from outside sources.

What authority does the National Park Service have to solicit, accept, and use funding from non-Federal sources?

Answer. The first section of the Act of June 5, 1920, 41 Stat. 917, provides that: "The Secretary of the Interior in his administration of the National Park Service is authorized, in his discretion, to accept patented lands, rights-of-way over patented lands or other lands, buildings, or other property within the various national parks and national monuments, and moneys which may be donated for the purposes of the national park and monument system."

*Question 191.* How much has the National Park Service received from sources outside the Federal government each year since October 1, 1996 (specify the source of funds such as National Park Foundation, National Parks Conservation Association, specific friends groups, etc)?

Answer. The National Park Service has received \$223.8 million for fiscal years 1996–2006. Following is a breakdown of this figure by fiscal year:

	Amount
1996	\$15,806,923
1997	14,791,549
1998	14,475,977
1999	14,514,866

	Amount
2000 .....	18,414,427
2001 .....	27,536,965
2002 .....	15,239,199
2003 .....	28,966,193
2004 .....	19,409,761
2005 .....	27,605,055
2006 .....	27,001,957

To specify the source of these funds would require an inordinate amount of time and effort. This is due to two factors: 1) Donations are not accounted for centrally, but rather captured at the park level, and 2) the donor is not entered into the accounting system. These factors would require someone at each park and region to manually go through thousands of deposit tickets each year to find the donor for each donation.

*Question 192.* When compared with the National Park Service budget, what percentage do funds from outside sources represent each year since October 1, 1996?

Answer. On average, slightly less than 1 percent (0.91%) of the total National Park Service budget authority (discretionary and mandatory funding) is represented by donations over the past ten years. Over the same period, total donations as a percentage of discretionary funding represents slightly more than one percent (1.03%). The year by year amounts are shown below:

DONATIONS AS A PERCENT OF NPS BUDGET

[Dollar Amounts in Thousands]

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Donations .....	\$14,782	\$14,468	\$14,515	\$18,414	\$27,537	\$15,239	\$28,966	\$19,410	\$27,605	\$27,002
Percent of Discretionary Funding .....	1.05%	0.87%	0.82%	1.00%	1.25%	0.66%	1.30%	0.86%	1.19%	1.20%
Percent of Total Funding .....	0.96%	0.77%	0.72%	0.87%	1.11%	0.59%	1.14%	0.76%	1.05%	1.04%

\* Funding amounts exclude emergency supplementals and Wildland Fire transfers.

*Question 193.* How has the money obtained from these sources been used (i.e., facility construction, maintenance, interpretive displays, etc.)? Provide a summary by NPS Region and state.

Answer. The answer to this question also involves a very labor intensive exercise due to the thousands of donation accounts that we maintain. We are in the process of collecting this data into the following categories and will then provide this to you by region when available: General (many donations received are not designated for a specific purpose); Interpretation & Education; Resource Stewardship; Facility Operations and Maintenance; Capital Improvements; Other.

#### INVASIVE SPECIES

*Question 194.* An invasive mussel (the quagga mussel) was recently discovered in Lake Mead National Recreation Area. The mussel can be extremely destructive to water pipes and aquatic ecosystems.

What type of inspection and monitoring program does the National Park Service have to prevent the introduction of quagga mussels and other invasive species into Lake Mead?

Answer. Because of the number of access points and size of the area involved, NPS relies largely on self-inspection of boats and other equipment. With this in mind, as discussed in more detail below, the park and its partners are making efforts to educate recreational users in order to prevent the accidental spread of these invaders to other waters.

*Question 195.* What types of changes are needed to prevent further introduction of this species and other invasive species into Lake Mead?

Answer. Park staff are working with our partners to coordinate a response to contain the mussel's spread. The park is also making efforts to educate recreational users—boaters, fisherman, and divers—in order to prevent accidental spread to other waters, including providing information on procedures to follow when taking equipment out of the water. Procedures include:

- Draining the water from motors, live wells, and bilges on land before leaving the immediate area of the lake;
- Completely inspecting the vessel and trailer, removing any visible mussels, and feeling for any rough or gritty spots on the hull—these may be young mussels that can be hard to see;
- Flushing the motor and bilges with hot, soapy water or a 5 percent solution of household bleach;
- Cleaning and washing the trailer, truck, or other equipment that comes in contact with lake water, as mussels can live in small pockets anywhere water collects.

In addition, when home, boats and other equipment should be air-dried for at least 5 days before launching in any other waterway, and bait should not be reused once it has been exposed to infested waters, and tackle should be allowed to air dry for at least 5 days before fishing in other lakes and streams.

*Question 196.* What is the suspected origin of the quagga mussels found in Lake Mead?

Answer. Quagga mussels are normally spread through sources of standing water and by attaching themselves to boats, which are launched in one lake and later moved to a different lake. There is also a concern about the potential movement of quagga mussels by fish stocking operations. Quagga mussels are microscopic in juvenile life stages, making them impossible to detect solely by visual inspection.

*Question 197.* How does the National Park Service plan to deal with the quagga mussels found in Lake Mead? What is the timeline for implementation and milestones to track success?

Answer. Once established in a water body, there is no known method of eradication. Staff are currently working with state and federal partners in an effort to assess the extent of the infestation and to coordinate a response to contain the mussel's spread. The park is also making efforts, along with the 100th Meridian Initiative, a partnership of organizations focused on zebra and quagga mussel control, to educate recreational users—boaters, fisherman, and divers—in order to prevent accidental spread to other waters.

The Columbia River 100th Meridian Initiative team has developed a zebra and quagga mussel rapid response plan, which includes a predetermined response management system that expedites decision-making, information sharing, and seeks to avoid duplication of effort. An interagency response task force will guide the execution of the plan in the event of further spread to the Columbia basin. A current version of the plan is available at <http://100thmeridian.org/ColumbiaRT.asp>.

*Question 198.* What is the estimated cost to control/eradicate the quagga mussels from Lake Mead?

Answer. As noted above, once established in a body of water, there is no known method of eradication of the mussel. The NPS is currently focused on working with our state and federal partners to assess the extent of the infestation and to coordinate a response to contain the mussel's spread.

GRAND CANYON RAILWAY BUYOUT

*Question 199.* In January 2007, the Grand Canyon Railway accepted a buyout from Xanterra Parks & Resorts. The buyout must be approved by the National Park Service before it is final.

What is the history of the Grand Canyon Railway and any predecessor rail operation at Grand Canyon National Park?

Answer. The Santa Fe Railway completed a spur from its main line at Williams, Arizona, to the South Rim in 1901. It ceased passenger service to the South Rim in 1968, then also ceased freight service in the early 1970's. In 1982, the Supreme Court ruled that the railroad had abandoned its easement rights within Grand Canyon National Park, which reverted to the federal government.

In 1989, passenger service resumed under a concession permit issued to Grand Canyon Railway, Inc., a privately held corporation. Service has continued since 1989 under that ownership. Currently, Xanterra Parks & Resorts, L.L.C. is seeking to purchase the Railway, and the National Park Service is completing review of a sale and transfer package for this purpose.

*Question 200.* How many visitors have used the railway to access Grand Canyon National Park each year since 1990?

Answer. The following chart provides recent information relating to visitor access from the railway:

Year	Railway visitation
2006	238,380
2005	222,277
2004	210,866
2003	190,863
2002	178,595
2001	170,481
2000	168,712
1999	161,932
1998	143,185
1997	122,411
1996	118,371
1995	96,582
1994	106,864
1993	105,027
1992	99,942
1991	118,371
1990	97,290
1989	27,042
TOTAL	2,577,191

*Question 201.* What is the relationship (e.g., contract, permit, business authorization, etc) between the National Park Service and the railway? How has that relationship changed throughout the history of the railway? What is the benefit to the National Park Service (i.e., franchise fee, permit fee, etc.)?

Answer. The existing concessioner, Grand Canyon Railway, Inc., operates under a Concessions Permit which expired in 1994, and is operating under a continuation in order to avoid an interruption in visitor services. The NPS is developing a prospectus for this operation at this time.

The Santa Fe Railway operated as a public transportation service along rights-of-way granted to it prior to the existence of Grand Canyon National Park. We are unaware of any special contractual relationships that might have existed during that time period.

The existing concessioner pays an annual building use fee of \$19,500, plus a franchise fee of \$100 or 2% of gross receipts, whichever is greater, on applicable sales within Grand Canyon National Park.

*Question 202.* How much money has the National Park Service or U.S. Treasury obtained each year since 1990 as a result of the relationship between the National Park Service and the railway and how have the funds been used?

Answer.

Year	Bldg Use Fees (Stay in Park)	Franchise Fees (To Treasury)
1990	\$19,500	\$100
1991	19,500	100
1992	19,500	100
1993	19,500	100
1994	19,500	128
1995	19,500	223
1996	19,500	164
1997	19,500	185
1998	19,500	147
1999	19,500	181
2000	19,500	115
2001	19,500	100
2002	19,500	242
2003	19,500	224
2004	19,500	307
2005	19,500	492
2006	19,500	388
Accumulated Interest	51,000	
<b>TOTALS</b>	<b>382,500</b>	<b>3,300</b>

The fees have been used to improve the rail depot including site improvements, structural repairs, and roof.

NATIONAL PARK SERVICE CENTENNIAL

*Question 203.* The National Park Service is asking for \$3 billion in new funds over ten years. The funds would be derived from \$100 million per year in discretionary funds, \$100 million per year in federal funds to use in matching up to \$100 million per year from public/private donations. \$300 million represents about 12% of the NPS budget for FY 2008 and the total of \$3 billion over ten years exceeds the NPS budget for any year in its history.

What specific goals have you set for the National Park Service for use of \$300 million per year in discretionary funds for the next 10 years?

Answer. The National Park Service’s budget represents the largest budget request ever for park operations and for those programs that benefit the national park system. The 2008 request includes \$2.1 billion for park operations, an increase of \$258 million above the FY 2006 enacted level.

The NPS is requesting \$40.6 million for seasonal employees, \$20 million for flex park base funding at 20 to 25 parks to improve natural and cultural resource condition, \$35 million for regular and cultural cyclic maintenance, \$3.4 million to expand the volunteer-in-parks program, and \$1 million to grow the Junior/Web Ranger program. The \$100 million commitment will provide the impetus needed to enhance visitor operations and provide a legacy for the future. A visit to a national park unit should be safe, healthful, educational, and, above all, memorable.

The operational component (President’s Commitment) of \$100 million in discretionary funds is complemented by \$100 million in dedicated mandatory Federal funding (Centennial Initiative) that would be available to match up to \$100 million in donations for signature projects and programs. The Challenge is designed to encourage philanthropists, foundations, park friends groups, park visitors, corporations, and private citizens to demonstrate their support for national parks. A legislative proposal has been transmitted to authorize this new source of funding. Once authorized, the funds leveraged through this public/private partnership will be used to accomplish signature projects and programs that protect park assets, preserve the heritage of America, maintain park facilities and improve the services offered by the NPS to its visitors. The process of selecting signature projects will be an outgrowth of the Centennial Report due to the President in May 2007, based on input gathered from the American people through listening session across the country. The Secretary will present examples of proposed signature projects and programs as part of the Centennial Report. The Department is also developing criteria and procedures

for selecting these projects and programs. The list will be prepared by the Director of the National Park Service, drawing upon ideas generated through listening sessions, public engagement, and the input of Park Service professionals.

*Question 204.* What are the top 10 priorities in each NPS Region for use of \$300 million in discretionary funds per year?

Answer. As discussed above, the President's Commitment of an additional \$100 million will be used for both park specific needs and general program needs such as the volunteers-in-the-parks program and the Junior Ranger program. The \$200 million that is the Centennial Initiative will be used for signature projects and programs to be designated by the Director of the National Park Service after listening sessions held throughout the country. We also contemplate that signature projects and programs will, from time to time, be added to the list submitted to the President in May 2007. While we are examining the normal priority lists developed by each NPS region, we have not asked them to develop priority lists for the \$300 million increase.

*Question 205.* What type of restrictions do you intend to place on the National Park Service on use of the \$300 million per year in discretionary funds?

Answer. No funds will be available for any project or program for which the National Park Service does not have the authority to spend funds. The \$200 million that is the Centennial Initiative will only be available for signature projects and programs. As mentioned above, the list will be prepared by the Director of the National Park Service, drawing upon ideas generated through listening sessions, public engagement and the input of Park Service professionals. The Department is developing the restrictions or guidelines for selecting signature projects and programs.

*Question 206.* Does your request for \$3 billion in discretionary funds over the next ten years mean that the Administration has corrected the National Park Service maintenance backlog?

Answer. The maintenance backlog identified in 2000 was based on the best information available at the time, but it was not based on the comprehensive review of facility conditions or compiled through the systematic process that we have today. We now know that the maintenance of our parks is an ongoing and dynamic process with the backlog being the gap between current and acceptable facility conditions rather than a static number.

Since 2002, President Bush has invested over \$5 billion to significantly improve the condition of park facilities. Between 2002 and 2007, the National Park Service has undertaken more than 6,600 maintenance projects. NPS has information about its assets that it has never had before—systematic information about its inventory, the value of assets, comprehensive condition assessments of all assets measures to compare targets with actual results. This information has been used to prioritize facilities maintenance investments and to link budget decisions to maintenance or achievement of target facility condition goals.

As part of the Centennial Initiative, funding of \$25.0 million is requested to focus on enhancing the regular Cyclic Maintenance program at the parks. With the additional funding, parks will be able to increase their cyclic maintenance programs to assist in preventing the deterioration of the NPS assets. By increasing the project dollars, parks will have the ability to maintain recently rehabilitated and/or repaired assets in a state of good condition, as well as continuing to maintain assets that are presently in a fair or good condition. Cyclic eligibility requirements and criteria are intended to maximize cyclic maintenance work, so that assets are maintained on a predictive cycle rather than falling into disrepair. The highest priorities are those assets that are mission critical and are still in a maintainable condition, but could fall into poor condition without the proper application of life cycle maintenance. With this and other increases, the FCI for all regular assets is expected to improve by 0.004 from FY 2007 and not deteriorate to the level expected without the increases. This could impact as many as 707 historic structures. In addition, some of the signature projects, such as those that rehabilitate historic structures, may address deferred maintenance needs.

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM  
SENATOR AKAKA

NATIONAL PARK SERVICE—CENTENNIAL INITIATIVE

*Question 207.* I have some questions about the Centennial Challenge, but let me first say I am pleased to hear about this innovative proposal and look forward to reviewing the proposed legislation. I understand this new authorizing legislation is still in development, and I look forward to developing this program with you. There

is no question that we need to bring the philanthropic community to partner with National Parks, because we have much to gain, and this is a very ambitious goal.

What, specifically, makes you optimistic that you can raise \$100 million per year? If you don't raise the target \$100 million, does that mean that the matching funding won't be released from the Treasury?

Answer. There has already been significant interest in the Centennial Challenge. Donors throughout the country are excited about the opportunity to have their donations matched by a significant commitment of new Federal money. The intent of the Challenge is to match donations up to \$100 million. If we only raise \$50 million in a fiscal year and the projects are 1:1 matches, then only \$50 million of Federal funds will be deposited in the Challenge Fund. The intent is to provide an incentive for our partners to donate early in the process; if the availability of matching funds could roll over into future years, some donors might decide to wait until the end of the 10-year period.

*Question 208.* The idea is to have a national "call" for proposals for matching funds. But won't this compete with the local "friends groups" of each of the National Parks?

Answer. No. We see the Challenge as a wonderful opportunity for local friends groups. Under existing law, their donations are usually not matched. Under the Centennial Challenge, local friends groups have an opportunity to have their projects added to the list of signature projects and programs and thus be eligible for this new matching funding. Even if their projects are not chosen for the list, they end up in a position no different than the one they are in now.

*Question 209.* What kind of assurance can you give us that the Challenge funding will benefit all States or geographic regions of the country? Most donors want to "give" to specific parks or projects, so how will other areas benefit?

Answer. We are holding listening sessions throughout the United States. The National Park Service is mindful of the need to ensure that all geographic regions of the country benefit from the Challenge. We anticipate that a number of the programs added to the list will be programs that benefit a broad range of parks, as opposed to a particular individual park.

*Question 210.* Have you undertaken studies to see which partnership ventures work well with donor organizations—are there success models in San Francisco with the Presidio, or other sites around the U.S., such as the Statue of Liberty?

Answer. We are well aware of the partnership ventures that have worked well within the National Park System. We have worked with the leaders of those ventures within the National Park Service, as well as others groups, such as the Presidio Trust and the Statue of Liberty-Ellis Island Foundation, in the development of this proposal and will continue to work with them during its implementation.

*Question 211.* What specific preparations are you undertaking to reach out to the private sector? Is the one-to-one match a proper incentive to draw capital?

Answer. We have already received interest from the private sector. As mentioned above, we are holding listening sessions throughout the country. We are also relying upon our partners to work with us in engaging the private sector. We believe a 1:1 match is a significant incentive in drawing capital.

In closing on this Centennial Initiative, I want to thank you once again, Mr. Secretary, on thinking outside the box, to bring us this new Initiative. The "challenge" part of the initiative is welcome, to me, and I look forward to working with you on the details.

#### INVASIVE SPECIES FUNDING

*Question 212.* I appreciate the invasive species cross-cut that you have provided in the FY2008 budget across all the DOI bureaus, including the amounts spent on prevention, rapid response, control and management, and restoration.

As you know, I have monitored the funding for invasive species and have introduced bills to increase the spending and cooperation with states to fight invasive species. Hawaii has a serious problem with invasive species. As you can imagine, all species love to come to Hawaii to visit, and they like to stay. The number of invasive species is probably greater in Hawaii than in any other state.

I notice a slight decrease in the funding since FY 2006—about a 2 percent decrease. Is there any reason that your request is lower this year? How will you keep up with the growing number of acres that are fighting invasive species when you decrease your budget request? And for the record, can you please estimate how much of that money will be targeted in Hawaii?

Thank you. I will be reintroducing my invasive species bill again soon, and I look forward to working with you on this.

Answer. Given the wide range of habitats and natural resources managed by the Department, the control of invasive species is an important function, and the Department continues to make progress in the control of invasive species. The total funding requested by the Department for invasive species activities has actually increased almost 3 percent from the Department's FY 2006 budget request (\$60.0 million) to the Department's FY 2008 budget request (\$61.7 million).

While the Department does not segregate invasive species action funding by individual state, we are carrying out important work on invasive species in Hawaii. For example, NPS, as part of its Centennial Initiative, is increasing the cyclic maintenance for historic properties, such as Kaloko-Honokohau National Historic Park. Plans there are to remove invasive vegetation, which is toppling walls, uprooting foundations, obscuring petroglyphs, and disturbing midden deposits at an archeological site that is a contributing element of the Honokohau Settlement National Landmark District.

Funding in the FY 2008 budget request will also allow the National Wildlife Refuge System to continue operation of five Invasive Species Strike Teams, including one in Hawaii and the Pacific Islands, which will prioritize early detection and rapid response to newly emerging infestations. In addition, USGS is focusing research in Hawaii on the ecology and control of highly invasive plants (e.g., miconia, faya tree, strawberry guava, Kahili ginger), including exploration and testing for biological control agents; animals (e.g., Argentine ant, yellow jackets, brown tree snake on Guam); wildlife disease organisms; and methods for reducing the impacts of invasive species on the region's unique native flora and fauna.

PARKS OVERFLIGHTS

*Question 213.* As you know, I am concerned about the ability of the Park Service to implement the National Parks Air Tour Management Act, enacted in 2000, under current funding scenarios. Can you please provide for the record the funding and staff levels for the proposed budget for FY 2008, and enacted levels for FY 2006 through 2007. (When the 2007 CR is signed into law.)

Answer. The table below lists the NPS' FY 2006 and requested FY 2008 staffing and funding levels for Air Tour Management Plans (ATMPs), which are part of the Natural Sounds Program. The NPS proposed a \$2.4 million increase in the FY 2007 budget request, which is assumed as part of the FY 2008 request. The FY 2007 operating plan funded this program at the FY 2007 requested level. Please note, the dollar figures provided include: 1) funding provided to the Volpe Center, the contractor used by the FAA for the development of Air Tour Management Plans and 2) funding used by the NPS to develop the foundation for ATMPs, including the development of an MOU with the FAA, an Implementation Plan for ATMPs, ATMP regulations, and monitoring protocols.

[Dollar Amounts in Thousands]

	Staffing (FTE)	Base Funding
FY 2006 .....	4	\$1,233
FY 2007 Op. Plan .....	6	\$3,635
FY 2008 Req. ....	6	\$3,635

CLEAN VESSEL ACT—FISH & WILDLIFE SERVICE

*Question 214.* I notice that you have an increase in the Clean Vessel Act Grants, an extremely worthwhile program that we in Hawaii would like to participate in.

We need pumpout facilities because of the increasing numbers of sport fishing and eco-tourism boats in Hawaii and our goal of maintaining good water quality along the coast.

There is an increase of \$300,000 in FY2008, but the program is generally level-funded over the years.

What is your rationale for not requesting more funds for this program that helps counties and localities with siting and building pumpout stations?

Answer. The Clean Vessel Act grant program is one of six grant programs authorized by Congress (Sport Fish Restoration, Multistate Conservation, Coastal programs, Clean Vessel, Boating Infrastructure, and National Outreach and Communications) plus four Fisheries Commissions, the Sport Fishing and Boating Partnership Council, and Boating Safety, that are funded through the Sport Fish Restoration and Boating Trust Fund. The program does not require appropriations because there is permanent authority to use the receipts deposited into the Fund in the fis-

cal year following their collection. By statute, two percent of the Sport Fish Restoration Trust Fund is allocated to FWS every year for qualified projects under the Clean Vessel Act.

Can you please advise me on the disposition of those grants, for the record if you prefer, and whether Hawaii has participated in these funds in the past?

Answer. Grant funds are competitively awarded by FWS to an appropriate State Agency, typically a division of the Department of Natural Resources or similar environmental department. We recognize there is a great need in Hawaii for the projects funded through this program. Though Hawaii has participated in the program in the past, it has infrequently submitted applications for these grants. I am happy to tell you, however, that in the FY 2006 cycle, the most recent for which information is available, Hawaii received \$1 million in grant funding.

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM  
SENATOR MENENDEZ

*Question 215.* The budget as submitted calls for the specific amount of \$100 million to be set aside each year for ten years, but fundraising campaigns often experience significant variances in the rate at which private funds are committed and/or pledges fulfilled. Is there a mechanism in place to ensure that the federal funds set aside can be "saved" in the event that a particular year yields less than \$100 million private funds but is followed by a year yielding far more than the \$100 million set aside? In other words, is there a means by which the federal match can be managed to the often variable pace of private fundraising?

Answer. The Administration's proposal requires that the private money be matched in the year it is donated; i.e. if a particular year yields less than \$100 million in donations, the unused balance of that \$100 million will not be carried over to the next fiscal year. The intent is to provide an incentive for our partners to donate early in the process; if the availability of matching funds could roll over into future years, some donors might decide to wait until the end of the 10-year period. However, the proposal allows for the matching of letters of credit in any given fiscal year. This allows donors to make an irrevocable pledge of funds and have that money matched in the year the letter of credit is provided. This will enable the National Park Service to better manage receipt of donations over more than one fiscal year so as to maximize use of the \$100 million available in each fiscal year.

*Question 216.* Will the NPS partnership policies, recently revised and updated, continue to be reviewed and adjusted within existing laws so that the most effective public-private partnerships possible can be developed and advanced?

Answer. We will continue to look for ways within existing law to provide the most effective public-private partnerships we can under this proposal.

*Question 217.* How will decisions be made regarding which parks and which projects will receive funds raised through the NPS Centennial Campaign Initiative? Is there a process in place and has input from the parks' private partners been considered in the development of such a process?

Answer. The Challenge is designed to encourage philanthropists, foundations, park friends groups, park visitors, corporations, and private citizens to demonstrate their support for national parks. A legislative proposal has been transmitted to authorize this new source of funding. Once authorized, the funds leveraged through this public/private partnership will be used to accomplish signature projects that protect park assets, preserve the heritage of America, maintain park facilities and improve the services offered by the NPS to its visitors. The process of selecting signature projects will be an outgrowth of the Centennial Report due to the President in May 2007, based on input gathered from the American people through listening sessions across the country. This includes soliciting input from the parks' private partners. The Secretary will present examples of proposed signature projects and programs as part of the May report to the President as part of the Centennial Report. The Department is also developing criteria and procedures for selecting these projects and programs. The list will be prepared by the Director of the National Park Service, drawing upon ideas generated through listening sessions, public engagement, and the input of Park Service professionals.

*Question 218.* Regarding the de-staffing of National Wildlife Refuges across the country, the Fish and Wildlife Service has been working on a "workforce restructuring" plan on a region-to-region basis. While this work is admirable and making the best of a bad situation, what plans are in place to keep the public safe in an open park without a staff? How do you prevent vandalism? How do you protect the wildlife refuge and the visitors at the same time? How do you keep it clean? How do you protect against illegal ATV use without an enforcement staff? How do you maintain the habitat and protect against invasive species?

Answer. Not all refuges are currently staffed or, in fact, need to be staffed. While complexing may lead to reduced staff on some refuges, the overall goal is to ensure the Refuge System mission is accomplished while continuing to provide priority services and wildlife-dependent recreation opportunities. Based on the Service's experience with previously complexed refuges, we believe that in select locations this approach can help achieve these goals.

The Service has also found that the Refuge System relies on its many Friends Groups and thousands of volunteers. In addition, events in recent years have highlighted the importance of law enforcement operations within the refuge system, and the Service has responded by improving refuge law enforcement capabilities. Among the management improvements, the refuge system developed the Law Enforcement Assessment and Deployment Model (LEAD) as a strategic workforce plan for Refuge Law Enforcement. Developed by the International Association of Chiefs of Police, the model is applied to field data received for each refuge to help estimate an approximate number of the "full time equivalents" of law enforcement staffing that may be appropriate to protect a refuge, its assets, resources, and borders of that size and complexity.

The refuge system has also instituted a "Zone System" to provide critical law enforcement planning, deployment, and support to multiple wildlife refuges with maximum efficiency through experienced officers. A Zone Officer provides refuges within his or her designated zone with technical assistance on law enforcement, institutes reliable record-keeping and defensible reviews, enhances training, and promotes communication and coordination with other law enforcement agencies.

Another planned improvement is to replace dual-function officers, who currently dedicate 25 to 50 percent of their time to law enforcement activities and the balance on traditional conservation and wildlife-dependent recreation programs, with full-time officers to improve effectiveness and efficiency. This will also allow current dual-function officers to focus on their primary duties.

Finally, Refuges currently without full-time officers or with inadequate coverage also rely on partnerships with local, county, and State law enforcement officers and other federal agencies.

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM  
SENATOR THOMAS

CENTENNIAL CHALLENGE

*Question 219.* Mr. Secretary, I was honored to have joined you in launching the NPS Centennial Challenge at Yellowstone National Park in August of last year. I am also very pleased with the federal investment President Bush has committed in his budget as part of this important initiative.

In what ways will the Centennial Initiative improve visitor services?

Answer. The Centennial Initiative includes \$40.6 million for 3,000 new rangers, \$20.0 million in flexible park base funding, \$35.0 million for cyclic maintenance, \$3.4 million for the Volunteers-in-Parks program, and \$1.0 million for the Junior/WebRanger program. The funding increases proposed will establish a park system for the 21st Century with a wide range of visitor services, including interpretive and educational programs, staffing for visitor centers, appropriate levels of security and safety at parks, and facilities and resources in acceptable or good condition. For example, the Centennial Initiative supports park operations with 3,000 additional interpretation, maintenance, and law enforcement seasonal employees to help during periods of peak visitation. The Centennial Initiative also improves visitor services by adding funds for cyclic maintenance so that parks can adhere to their preventive maintenance schedules for visitor facilities.

Volunteers currently provide over five million hours of service at national parks throughout the United States. These volunteers work with park scientists to protect endangered species, assist in the repair of facilities, remove invasive plants, assist archeologists conducting surveys, and assist rangers with visitor activities at campgrounds and visitor centers. There remains, however, an untapped reserve in the communities surrounding parks that can contribute to enriching the parks' experience for visitors. As part of the Centennial Initiative, the 2008 budget request proposes a \$3.4 million increase to the Volunteers-in-Parks program to capture the untapped reserve of volunteers.

*Question 220.* Who will decide how the \$100 million dollars in discretionary funds is allocated each year?

Answer. The future allocation of discretionary funds under the Centennial Initiative will be decided in the ordinary way in which those funds are allocated: the Administration will present its budget to the Congress and the appropriations process

will result in the final allocation. For FY 2008, there are five discretionary programs, totaling \$100 million, that are part of the Centennial Initiative: \$40.6 million for 3,000 new rangers; \$20.0 million in flexible park base funding; \$35.0 million for cyclic maintenance; \$3.4 million for the Volunteers-in-Parks program; and \$1.0 million for the Junior/WebRanger program.

*Question 221.* What criteria will be used to decide which signature projects and programs are awarded a federal match?

Answer. The process of selecting signature projects will be an outgrowth of the Centennial Report due to the President in May 2007, based on input gathered from the American people through listening sessions across the country. This includes soliciting input from the parks' private partners. The Secretary will present examples of proposed signature projects and programs as part of the May report to the President as part of the Centennial Report. The Department is also developing criteria and procedures for selecting these projects and programs. The list will be prepared by the Director of the National Park Service, drawing upon ideas generated through listening sessions, public engagement, and the input of Park Service professionals.

*Question 222.* Who will administer the federal matching program and how much will it cost to administer?

Answer. The National Park Service will administer the federal matching program. Until it is determined what form the federal matching program will take, which is dependent on the passage of legislation, it will be difficult to estimate the full cost of administering the program. In the interim, the 2007 operating plan and the 2008 budget request include \$300,000 to cover initial administration costs.

*Question 223.* What kind of private donations will qualify for the NPS Centennial Challenge initiative? Specifically, will gifts or partial gifts of in holdings qualify?

Answer. The Administration proposal specifies that only cash donations are eligible for matching funds, in large part due to the complexity of tracking and valuing the various forms of non-cash donations. Gifts and other non-cash donations, such as land, would continue to be welcomed, but would not be matched.

*Question 224.* There does not appear to be any offsets in the President's FY08 budget for the \$100 million in discretionary funds and the \$100 million in mandatory funds that require a match. Do you have an offset in mind to help Congress in passing this Centennial Challenge funding request?

Answer. The discretionary and mandatory funding increases are offset within the President's budget. As part of the President's budget for the Department of the Interior, there are a number of mandatory proposals with collective savings that exceed the costs of this proposal and could be used as an offset.

#### PARKS OPERATIONS

*Question 225.* The President's budget requests a \$250 million over-all increase in park operations, the largest single increase in Park Service history.

How will the National Park Service efficiently manage this large increase?

Answer. The needs identified in the FY 2008 budget were identified and prioritized by program directors, superintendents, and regional directors through the Operations Formulation System (OFS). One of the criteria in the OFS process is that the funds could be quickly and efficiently executed. We understand that the increase is large overall, but once it is distributed to the various parks, the actual increase for each park will be manageable. We are taking the steps necessary to allow implementation and are confident that the dedicated park managers have targeted these funds to address priority park needs.

#### SCOPE OF THE NPS

*Question 226.* The National Park Service has been expanding in the number and diversity of units since its inception. What started as an array of parks and monuments was expanded to include historic sites, landmarks, memorials, national seashores, national recreation areas, etc. The mission has evolved significantly during the past 90 years.

How would the President's budget address the seemingly exponential growth of the National Park Service?

Answer. The additional funds for park base increases also address new responsibilities added to the National Park System. Within the allowance provided to the NPS in each budget, requirements for new programs and units are accommodated to the extent possible. Of the \$40.561 million requested in 2008 for park base increases, \$10.515 million is targeted at new responsibilities.

*Question 227.* Do you believe the National Park Service budget helps define and reinforce the appropriate scope for the agency?

Answer. Yes, the budget is a result of many management tools, such as business plans and core operations analyses, used by the National Park Service to best define what the Service should be doing within its statutory authorities. The tools help the NPS managers to not only identify what can be done, but also to ask if it should be done. In this way, the NPS is focusing available resources on its core responsibilities and priorities.

*Question 228.* How many national park system units were in existence prior to the Organic Act of 1916 and how many have been added each decade since that time?

Answer. Prior to the 1916 Organic Act, there were 35 properties that later became units of the National Park System.

Units added per decade follow:

Decade	Units
Pre 1920 .....	47
1920's .....	16
1930's .....	50
1940's .....	26
1950's .....	22
1960's .....	71
1970's .....	82
1980's .....	34
1990's .....	29
2000's .....	13

There are currently 390 units of the National Park System.

*Question 229.* How has the number of National Park Service employees and budget changed each decade since 1916?

Answer.

NATIONAL PARK SERVICE HISTORY BY DECADE: APPROPRIATIONS, EMPLOYEES, AND PARKS

[Dollar Amount in Thousands]

	Park Ops	Total	Employees	Park Units
FY 1916 .....	\$0	\$0	.....	34
FY 1917 .....	\$236	\$533	.....	38
FY 1926 .....	\$1,478	\$3,218	.....	53
FY 1936 .....	\$2,604	\$16,696	.....	143
FY 1946 .....	\$5,427	\$5,487	.....	168
FY 1956 .....	\$20,787	\$48,866	.....	186
FY 1966 .....	\$61,410	\$197,977	.....	237
FY 1976 .....	\$255,203	\$598,459	13,684	287
FY 1986 .....	\$610,634	\$825,805	15,734	338
FY 1996 .....	\$1,081,772	\$1,361,050	19,918	369
FY 2006 .....	\$1,718,591	\$2,316,344	20,056	390
FY 2008 Req. ....	\$1,969,010	\$2,363,784	21,589	390

Note.—Appropriation totals include supplemental appropriations.

Note.—Employees represent full-time equivalent of regular hours worked each year. Information on employment is not readily available before 1976.

*Question 230.* What was the mission of the original national park custodians prior to the Organic Act of 1916 and how has the mission changed since 1916?

Answer. Prior to the 1916 Organic Act, the parks were generally managed as independent entities. For the most part, their mission was dictated by the statute or Presidential proclamation that established them. Following enactment of the "Antiquities Act" in 1906, the Secretaries of Interior, Agriculture, and War adopted uniform rules and regulations that helped to further shape the sense of mission applicable to the park units that were established under that authority. The NPS mission was greatly clarified with the enactment of the 1916 "Organic Act." It instructed the NPS to promote and regulate the use of the Federal areas known as national parks, monuments, and reservations by such means and measures "as conform to the fundamental purpose of the said parks, monuments, and reservations, which purpose is to conserve the scenery and the natural and historic objects and

the wild life therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations." That mission has not changed since 1916. However, our understanding of the park resources entrusted to our care, and what is required to properly care for them, has grown substantially.

*Question 231.* What is the precedent for the national park service to serve in an advisory/funding capacity for non-units such as National Heritage Areas?

Answer. Since 1916, the National Park Service has been the Federal agency responsible for preserving nationally significant natural and historic resources for present and future generations. Heritage Areas allow the Park Service to fulfill this mission without having to acquire or manage more land. Instead, NPS assists citizens who express the initiative to protect their nationally important resources. Fostering local stewardship of distinct and largely intact historic and cultural landscapes allows the National Park Service to work more directly with the public in the direct preservation and protection of important landscapes that have helped define a distinctly American identity.

*Question 232.* How does the National Park Service determine the number of personnel and budget to assign to a new unit of the national park system?

Answer. The determination of the optimum operational level of a site evolves through management planning. New sites come to the National Park Service in a variety of ways and conditions. Some may already have visitor centers while others may have a lot of development that has to be reversed or completed in order for visitors to fully understand the values for which the site was given the designation. The plan on how best to interpret and preserve those values requires a lot of discussion within the organization and with partners and neighbors.

Generally, when the site is first acquired, responsibility for the site is assigned to a superintendent of a nearby park unit or a new park manager is appointed. Initial funding may come from the regional contingency fund until the park's needs are identified. That person will work with regional support to create a general management plan and other documents that identify how the park should be managed and the visitor facilities that are needed. If the site has many undesired facilities or the land needs to be restored from prior land uses, it can take several years before the site is considered "operational."

In the meantime, the park manager assembles a management team to work with partners, develop strategies and bring areas or facilities into operation. The funding needs of the site are prioritized along with other NPS sites and needs are addressed, as budget priorities and allowances dictate.

#### VISITATION

*Question 233.* In recent years, the National Park System has experienced a decrease in overall visitation.

How might the increased fee for the America the Beautiful National Parks and Federal Recreational Lands Pass affect visitation?

Answer. The research conducted in 2006 by the University of Wyoming to assist in pricing the new interagency pass indicates that an increase in pass price should have very little effect on the total visitation to units of the National Park System. The new interagency pass is one of several payment options available to visitors. Visitors will continue to have the option to pay the entrance fee for their visit to a particular park at the gate. The entrance fees range from \$3 to \$25 and typically cover entrance for a period of time ranging from 1 to 7 days, depending on the site. Visitors also will have the option to purchase an annual pass for a particular park. These single site annual passes range in price from \$10 to \$50.

*Question 234.* How many visitors has each park unit received each year since October 1, 1996? Provide a list organized by region, state, and park unit.

Answer. The National Park Service will provide the spreadsheets entitled "NPS Recreational Visits Administrative Region," "NPS Recreational Visits by State," and "NPS Recreational Visits by Park Unit" under separate cover, due to the volume of this request.

*Question 235.* How has the number of visitors to each park changed since September 11, 2001?

Answer. Park visitation significantly dropped in 2002 and in 2003 after September 11, 2001. The drop was partly as a result of partial closures of some sites as well as a sharp reduction in international travelers coming to the United States. In 2004, there was a sharp rise in visitation with a system-wide growth of over 10 million visits. During the 4th quarter of 2006, receipts from international travel to the U.S. finally surpassed the pre-September 11 levels. The document provided under separate cover in our answer to question 234, "NPS Recreational Visits by

Park Unit (1996-2006),” also provides some information. The most relevant comparison is between 2000 (the last full year of visitation prior to September 11, 2001) and 2006.

*Question 236.* Which parks have seen the greatest reduction in visitation since September 11, 2001?

Answer. The following parks have recorded the greatest reduction in recreational visits between 2000 (the last full year prior to September 11) and 2006. Some changes have little to do with the effects of September 11, but are from lingering impacts of natural disasters (e.g., Gulf Islands NS) and changes in visitor counting methods (e.g., Cuyahoga Valley NP, Mammoth Cave NP, Statue of Liberty NM).

	Amount
Boston NHP .....	- 506,420 (- 21%)
Cape Hatteras NS .....	- 522,378 (- 20%)
Cumberland Gap NHP .....	- 583,457 (- 38%)
Cuyahoga Valley NP .....	- 856,102 (- 26%)
George Washington PKWY .....	- 1,024,948 (- 29%)
Glen Canyon NRA .....	- 682,733 (- 27%)
Gulf Islands NS .....	- 2,603,779 (- 57%)
Lake Meredith NRA .....	- 578,141 (- 36%)
Mammoth Cave NP .....	- 1,151,334 (- 66%)
Statue of Liberty NM .....	- 2,246,121 (- 41%)
White House .....	- 693,763 (- 59%)

*Question 237.* Which changes in security or restricted access for security reasons have contributed to a reduction in visitation?

Answer. The greatest effect on visits from changes in security has occurred at the White House. Following modification of the tour policy after September 11, 2001, visitation dropped significantly. In 2006, almost 700,000 fewer people toured the White House than in 2000, the last full year before the September 11th attacks. The drop in visitation at Statue of Liberty NM is not due to its security changes, but to a 2006 change in counting instructions that eliminated double-counting of people visiting both Liberty Island and Ellis Island on the same day. No significant impacts of security changes at Independence NHP or the Washington Monument have been noted.

*Question 238.* What is the National Park Service doing to increase visitor diversity? What type of advertisements, employee sensitivity training, interpretive programs, exhibits, or other efforts has the NPS initiated to increase visitor diversity? Provide specific examples from each region.

Answer. The National Park Service is increasing its use of “culturally relevant” interpretation to connect with diverse ethnic and racial groups. Many Civil War battlefields now include interpretation not only of battle tactics, but of the greater fight to abolish slavery. The 20th century fight for civil rights is told at several units of the National Park System, ranging from Brown vs. Board of Education National Historic Site in Kansas, to Little Rock Central High School, to the birthplace of Martin Luther King, Jr. in Atlanta. At Manzanar National Historic Site in California, the site of a Japanese American internment camp during World War II, culturally relevant interpretation could better serve the thirty-one percent of visitors to that park who are of Asian descent. The challenge faced by the National Park Service is to extend this program to sites where the cultural connections are not as clear, but where the visitor experience could be enhanced through such interpretive services.

In addition, we are conducting a pilot project at Cuyahoga Valley National Park and the Ohio and Erie Canal National Heritage Corridor that involves outreach to predominantly African American neighborhoods in Akron, Ohio. The objective is to increase the use of the canal towpath by neighborhood residents for walking and bicycling. The park is working with leaders of the African American community to develop an effective outreach program, and it is cooperating with the National Park Service Social Science Program and university researchers to evaluate the impact of the outreach program.

*Question 239.* Which units of the National Park Service have had the greatest success in increasing visitor diversity? Provide one or more units within each region as examples and a description of the visitor diversity program at each.

Answer. Please see the answer provided above to question 238.

## MAINTENANCE BACKLOG

*Question 240.* In the 2000 presidential campaign, the condition of national park facilities became an issue and specific park structures were highlighted as sites in need of urgent repair. The Administration's overall maintenance needs became known as the maintenance backlog and ultimately the deferred maintenance program.

How many maintenance projects were identified as part of the maintenance backlog in 2002? How many of those have been brought to current standards for use? Provide a list of maintenance projects performed as part of the maintenance backlog and cost of each by park unit and state since October 1, 2002.

*Answer.* The maintenance backlog identified in 2000 was based on the best information available at the time, but it was not based on the comprehensive review of facility conditions or compiled through the systematic process that we have today. We now know that the maintenance of our parks is an ongoing and dynamic process with the backlog being the gap between current and acceptable facility conditions rather than a static number. The backlog is not the total amount of all deferred maintenance in all parks, for that would suggest an unrealistic goal of bringing all facilities up to perfect condition.

Since 2002, President Bush has invested over \$5 billion to significantly improve the condition of park facilities. Between 2002 and 2007, the National Park Service has undertaken more than 6,600 maintenance projects. The information on the specific projects is listed on a spreadsheet that is more than 500 pages. We would be pleased to brief the committee on this compilation.

In addition, NPS has information about its assets that it has never had before—systematic information about its inventory, the value of assets, comprehensive condition assessments of all assets measures to compare targets with actual results. This information has been used to prioritize facilities maintenance investments and to link budget decisions to maintenance or achievement of target facility condition goals.

*Question 241.* What is the facilities condition index and how has it been applied to address the maintenance backlog?

*Answer.* The facility condition index (FCI) is the ratio of deferred maintenance to the current replacement value, so the lower the ratio, the better condition of the asset. FCI is now a government-wide measure used by all agencies, as part of the Real Property initiative in the President's Management Agenda. NPS uses the Facility Management Software System to link information derived through facility condition assessments to an industry-standard cost-estimating tool. Once the FCI is determined for individual assets, the NPS establishes a service-wide FCI baseline and then uses the baseline to determine target ranges for future conditions. NPS has established an initial FCI baseline for eight major categories of regular assets—buildings, campgrounds, trails, paved roads, unpaved roads, water systems, wastewater treatment plants, and employee housing. This process allows NPS to evaluate the impact of a particular funding level on asset performance and condition and quantify the consequences of delaying or not accomplishing the repairs. It also allows managers to compare progress over time and between areas to identify the best results.

*Question 242.* In addition to the facilities condition index, what procedures has the National Park Service initiated since October 1, 2002, to manage and reduce the maintenance backlog?

*Answer.* For the first time ever, the NPS has established the Asset Management Program to assist NPS managers in monitoring and prioritizing ongoing maintenance needs. Through this program, NPS conducts an inventory of maintenance needs, identifies deficiencies, estimates cost of repair and the current replacement value of park assets, and applies a facility condition index (FCI) and asset priority index (API) to make informed decisions about how to optimize investments in park facilities. The API is used by park managers to identify the importance of the asset in accomplishing the park's mission and represents an important step in prioritizing the allocation of maintenance funds. NPS has also developed an Asset Management Plan, as required under the government-wide Real Property initiative, and is developing preventive maintenance schedules to determine the investment needed to sustain assets.

*Question 243.* What is the status of the National Park Service effort to correct the maintenance backlog?

*Answer.* The maintenance backlog identified in 2000 was based on the best information available at the time, but it was not based on the comprehensive review of facility conditions or compiled through the systematic process that we have today. We now know that the maintenance of our parks is an ongoing and dynamic process

with the backlog being the gap between current and acceptable facility conditions rather than a static number. The backlog is not the total amount of all deferred maintenance in all parks, for that would suggest an unrealistic goal of bringing all facilities up to perfect condition.

Since 2002, President Bush has invested over \$5 billion to significantly improve the condition of park facilities. In addition, NPS has information about its assets that it has never had before—systematic information about its inventory, the value of assets, comprehensive condition assessments of all assets, and measures to compare targets with actual results. This information has been used to prioritize facilities maintenance investments and to link budget decisions to maintenance or achievement of target facility condition goals.

To facilitate the NPS preventative maintenance program and to protect the previous investment in deferred maintenance, the President's FY 2008 budget includes an increase of \$25 million for regular cyclic maintenance and \$10 million for cyclic maintenance of historic structures. The President's Centennial Initiative also includes \$12 million to hire an additional 1000 seasonal maintenance employees. As a result of these efforts, the NPS expects a 14 percent improvement in the overall condition of park facilities by 2012.

#### BORDER SECURITY

*Question 244.* The National Park Service currently conducts border security operations at parks along the Mexican and Canadian borders. These activities take a significant toll on the park and its staff.

What percentage of employee workload is devoted to border security and how has that changed since September 11, 2001?

Answer. Border security falls primarily under the jurisdiction of the Department of Homeland Security. Certainly, however, parks along the borders have seen an increase in the impact from illegal border crossings on park resources and visitor safety. The percentage of employee workload devoted to mitigating those impacts, and the extent to which this percentage has changed since September 11, 2001, varies among units of the National Park Service. At least half of Organ Pipe Cactus National Monument's annual operating base (\$3.3M) is spent on mitigating the impacts of border crossings. These activities include law enforcement operations, equipment and training, coordination of activities with DHS and other law enforcement agencies, employee and visitor safety programs, the border resource impact program, maintenance of dirt roads and the vehicle barrier fence, coordination with federal and state agencies on border issues, and information requests from the public, media, and non-profit organizations.

Padre Island National Seashore Law Enforcement Ranger staff time devoted to criminal activity from illegal border crossings is projected at 40-50% of overall patrol workload. The National Seashore is a remote, 67-mile-long setting in close proximity to Mexico. It is used as a strategic smuggling corridor by criminal organizations to transport illegal immigrants and contraband into the United States. Since 9/11, increased smuggling activity through the park has been attributed to tighter border security at official crossings and at checkpoints on primary mainland highways. The Bureau of Customs and Border Protection (CBP) has identified Padre Island as one of the four primary smuggling corridors through South Texas. The Padre Island corridor bypasses Border Patrol checkpoints on nearby mainland highways; thereby providing unimpeded access to distribution hubs in San Antonio, Houston, and Dallas.

Beginning in the late 1990s, undocumented aliens and drug-smuggler traffic increased exponentially at Organ Pipe Cactus National Monument and most recently at Coronado National Memorial, both of which are in Arizona. Amistad National Recreation Area and Padre Island National Seashore in Texas also have substantial undocumented alien and drug smuggler traffic. As a result of this increased activity, the National Park Service has increased law enforcement FTE for those parks. At Organ Pipe, the law enforcement staff doubled in size (from 6 to 12) following the death of ranger Kris Eggle who was killed by a drug smuggler in 2002. The law enforcement staff at Coronado has also doubled in size (from 2 to 4). The amount of time those rangers spend on border impacts varies from park to park, but at the most heavily impacted parks, border issues consume as much 90 to 95 percent of their time. At Glacier National Park, rangers are responsible for port security on the Canadian border following a decision by U.S. Customs to locate personnel at ports of entry elsewhere.

Other Interior agencies along the international border including the Bureau of Indian Affairs, Bureau of Land Management, and the Fish and Wildlife Service allocate significant resources to address border security related activities. For example,

at National Wildlife Refuges located along the international border, managed by FWS, 50-60 percent of annual operating base is used to address these issues. For FY 2006, this amounted to roughly \$2.2 million on six refuges alone.

*Question 245.* Describe the National Park Service involvement in border security operations including relationship with the Border Patrol, U.S. Armed Forces, state governments, and the countries of Mexico and Canada.

Answer. The NPS and the U.S. Border Patrol conduct border operations under a memorandum of understanding that clarifies the responsibilities of each agency. In general, park personnel and border patrol sector personnel have developed strong working relationships and regularly combine forces to interdict illegal aliens and drug smugglers. At Glacier NP, a border security task force of U.S. and Canadian agency officials meets regularly with NPS personnel. At Padre Island, park rangers work closely with the U.S. Coast Guard. At Organ Pipe Cactus, NPS law enforcement efforts are either coordinated with the Border Patrol or planned to complement USBP operations. The NPS participates in the Border Anti-Narcotics Network Task Force which includes the NPS, the Border Patrol, the Pima County Sheriffs Department, Immigration and Customs Enforcement, the Bureau of Land Management, the U.S. Fish and Wildlife Service, and the U.S. Forest Service. NPS enforcement operations routinely utilize JCNTF (National Guard) resources for air support and surveillance.

The Law Enforcement Ranger staff serves as the primary entity addressing law enforcement issues at Padre Island National Seashore on a day-to-day basis. The Padre Island Task Force, an interagency force made up of 17 different federal (including USBP), state, and local law enforcement agencies, works collaboratively in planning and conducting joint operations to interdict criminal smuggling operations. Operations also include Army National Guard reserve units that are occasionally requested to support National Park Service (NPS) staff during operations in surveillance and support positions.

*Question 246.* What is the status of the vehicle barrier being constructed along the U.S./Mexico border in Organ Pipe Cactus National Monument? How much has it cost to date and what is the estimated cost for completion?

Answer. Approximately 30 miles of vehicle barrier has been completed at Organ Pipe and 1.25 miles at Coronado National Memorial at a cost of \$13 million. Construction will begin on another 1.25 miles at Coronado later this year.

*Question 247.* How has the number of law enforcement positions within the National Park Service, including National Park Police, changed since September 11, 2001?

Answer. In August of 2001, the USPP had 630 police officers, in March 2007, the USPP is staffed at 585 police officers. Park Rangers have fluctuated from a high of 1,639 in 2003 to a low of 1,491 in 2005. In 2001, there were 1,539 permanent law enforcement officers. The 2006 figures show 1,537, which includes both uniformed Park Rangers and Criminal Investigators. This figure does not include seasonal staff.

#### GRAND TETON NATIONAL PARK HARTGRAVE PROPERTY

*Question 248.* The Wyoming Congressional Delegation sent a letter to the Secretary's of Interior and Agriculture on January 10, 2007, asking the Secretary's to exercise their authority under the Federal Land Transaction Facilitation Act (FLTFA) of 2000 (also known as the Baca bill) to acquire the Hartgrave property at Grand Teton National Park.

How much money has been obtained as a result of FLTFA each year since the law was enacted and how much is currently available for use?

Answer. The following table provides a year by year breakdown of the amount deposited in the FLTFA account over the last six fiscal years.

	Amount
FY 2001 .....	\$1,206,529
FY 2002 .....	2,343,807
FY 2003 .....	1,078,316
FY 2004 .....	15,759,647
FY 2005 .....	10,549,206
FY 2006 .....	57,468,523
FY 2007 (to 1/31/07) .....	2,032,652
Total (to 1/31/07) .....	90,438,682

As you are aware, not less than 80% of FLTFA funds must be used for land acquisitions (the remaining 20% may be used for administrative costs related to FLTFA sales), and 80% of that amount must be used within the state from which they are generated. As of January 31, 2007 FLTFA deposits within the state of Wyoming, available for land acquisition, total \$715,135.51.

*Question 249.* Have any FLTFA funds been spent by either Department to acquire any property at Grand Teton or elsewhere since the law was enacted? If so, please identify the inholding, the acquiring department, the agency or bureau tasked with management of the acquisition, and the amount paid.

Answer. There are several pending projects for FLTFA land acquisitions, but to date none have been completed.

*Question 250.* If no inholdings have been purchased to date, why not, given the authority was given to the Departments of Interior and Agriculture in 2000 and expires in 2010?

Answer. FLTFA requires that not less than 80 percent of amounts not used for administrative expenses be expended within the State where the funds were generated. Most states, like Wyoming, have yet to generate sufficient funds under FLTFA to allow for priority land acquisitions. The BLM in coordination with the other Federal land managing agencies is working on a proposal to use the 20 percent of funds not required under FLTFA to remain within the state of origin to complete a number of priority inholding purchases.

*Question 251.* The letter from the Wyoming delegation encouraged the Secretary of the Interior to purchase the Hartgrave property in Grand Teton National Park. Land values are escalating in this beautiful corner of Wyoming. The Hartgrave property was appraised almost two years ago at over \$2 million. Even if Interior were to buy it today at the appraised price, the owner will be selling it at a bargain price due to appreciation in land values in the area. Is the Department of the Interior moving forward to purchase the Hartgrave property? If so, when will Interior purchase it?

Answer. As noted in question 250, the BLM and other Federal land managing agencies are currently working to use the non-state specific portions of the FLTFA account to complete the acquisition of a number of priority inholdings. The property of special concern to the Wyoming delegation within Grand Teton National Park is one of those targeted inholdings.

*Question 252.* In real estate markets where land values are escalating as they are in Jackson Hole, what can the Secretary of the Interior do under existing authorities to make sure the owner will not lose fair market value of the property due to Interior's delay in closing on the purchase long after the property appraisal was completed?

Answer. To ensure that the appraisal's effective date of value is appropriate for the timing of the closing, it is important for the relevant agencies to coordinate, early in the process, with the Department of the Interior Appraisal Services Directorate (ASD). The ASD completes appraisals for agency land acquisitions according to the Uniform Standards of Professional Appraisal Practice and the Uniform Appraisal Standards for Federal Land Acquisition, upon request. The appraisals conclude to a supported opinion of market value as of a certain date and, of course, do not reflect changes in the pertinent real estate market after the appraisal is completed. If the closing is unduly delayed, an appraisal update to provide a more recent opinion of value can be requested. This new appraisal assignment will consider the current market conditions and any changes to the property. For expediency, the same appraiser is used if possible.

*Question 253.* In real estate markets where land values are depreciating, how does the Department of the Interior make sure an old appraisal doesn't cause the government to purchase the inholding at a price that exceeds the fair market value at the time of a delayed closing?

Answer. To ensure that the appraisal's effective date of value is appropriate for the timing of the closing, it is important for the relevant agencies to coordinate, early in the process, with the Department of the Interior Appraisal Services Directorate (ASD). The ASD completes appraisals for agency land acquisitions according to the Uniform Standards of Professional Appraisal Practice and the Uniform Appraisal Standards for Federal Land Acquisition, upon request. The appraisals conclude to a supported opinion of market value as of a certain date and, of course, do not reflect changes in the pertinent real estate market after the appraisal is completed. If the closing is unduly delayed, an appraisal update to provide a more recent opinion of value can be requested. This new appraisal assignment will consider the current market conditions and any changes to the property. For expediency, the same appraiser is used if possible.

*Question 254.* Environmental laws require that the Department of the Interior determine the status of hazardous substances or other contamination for any property it acquires. Is the cost of this determination for FLTFA acquisitions borne by the government as it should be? How does the Department of the Interior plan to expedite the hazardous material/contamination determination for the Hartgrave property so that it does not delay closing on the purchase?

*Answer.* The Department of the Interior is responsible for the cost of preacquisition work, including environmental site assessments (ESA) of all property it is in the process of acquiring. (The cost of any remediation is the responsibility of the willing property seller.) The cost for the preacquisition work is factored into the total required cost of the project. An ESA was previously prepared for the Hartgrave property and a contractor is in the process of updating that ESA to reflect current conditions. The contractor has scheduled a field review for April 2007 (pending snowmelt) and will transmit the ESA report to the NPS once that is completed.

*Question 255.* If the Department of the Interior intends to purchase the Hartgrave property using FLTFA authority, will the Secretary's staff give the Wyoming congressional delegation a monthly report of progress made toward purchase of the property?

*Answer.* The National Park Service would be pleased to provide information about the process of acquiring land within the boundaries of the National Park System, and the status of any particular acquisition, as it occurs.

#### GRAND TETON NATIONAL PARK SNAKE RIVER RANCH

*Question 256.* The 35.67-acre property is an in-holding located near Granite Creek in the southwest corner of Grand Teton National Park, just west of the Granite Canyon Entrance Station and the Moose-Wilson Road. The property is adjacent to two other inholding properties, which the National Park Service acquired from Resor family and The Conservation Fund in 2001 and 2003 as well as other protected lands held by the Park Service. The Snake River Ranch property sits at the base of the Grand Teton mountain range, just north of the Teton Village development, and acquiring the lands will provide access and exceptional wildlife viewing opportunities for the public. The family has agreed to sell the lands to the National Park Service (with assistance from The Conservation Fund) for \$7.2 million. The current market value of the tract is approximately \$10.3 million and increasing in value by about 1% each month. This represents an approximate \$3.1 million gift to the United States.

What is the status of NPS plans to purchase the Snake River Ranch property?

*Answer.* The NPS has previously acquired two other parcels of the Snake River Ranch is interested in acquiring this parcel if funds were available.

*Question 257.* What are NPS's land acquisition priorities for fiscal year 2007, and where does the Snake River Ranch acquisition fall in that list?

*Answer.* The NPS has not yet finalized its acquisition priorities for FY 2007. The property is currently the second highest priority for acquisition at Grand Teton National Park for FY 2007.

*Question 258.* What documents or studies are required to complete the acquisition of the Snake River Ranch? What is the status of each document/study? What is the timeline for completing all necessary documents/studies to complete the acquisition?

*Answer.* The project will require an updated title commitment and a new Phase I Environmental Site Assessment (ESA). Because it will take approximately 6 months to complete these tasks, and the ground must be clear of snow before the ESA can be conducted, the report would not be complete until August or September.

*Question 259.* Is it reasonable to expect the acquisition of Snake River Ranch to be completed in Fiscal Year 2007? If not, when does NPS plan to complete the acquisition of Snake River Ranch?

*Answer.* Given that NPS has not yet finalized its land acquisition priorities for FY 2007, it would be premature to predict whether acquisition of this property would occur during the fiscal year.

*Question 260.* When the National Park Service establishes land acquisition priorities for in holdings offered on a willing-seller basis, does the Service give priority to lands offered below market value?

*Answer.* The Land Acquisition Ranking System (LARS) is used to identify and analyze Service-wide acquisition priorities for funding. Typically when determining land acquisition priorities, NPS looks at ten factors, including issues such as whether the property is being offered by a willing seller or whether a not-for-profit entity is involved in the transaction. While a value at below market rate might be a consideration, if known, typically valuation information is not available until after

funds have been appropriated to NPS to carry out an appraisal of the property, and this is normally after acquisition priorities have been established.

USING PERSONNEL MANAGEMENT ACTIONS TO SOLVE SHORT-TERM BUDGET PROBLEMS

*Question 261.* Employee positions that become vacant because of retirement and employee reassignment are sometimes left vacant as a means of reducing operating costs. Each month the position remains vacant means less funds to expend for employee wages. The term "lapsed position" is frequently used to describe the practice.

How has the National Park Service used lapsed positions to avoid budget short-falls?

*Answer.* It is the initiative of each park to determine if and when to replace a vacated position. In creating financial plans, parks reduce their payroll expectations by a small percentage in order to account for the expected time it takes to fill positions that are vacated. However, in recent years, parks have intentionally lapsed positions in order to absorb unfunded pay requirements and across-the-board reductions. It is often difficult to identify which positions are "lapsed" since parks may choose to hire a position in a different division or capacity than the vacated position, and some parks have experienced a net increase in staffing due to specific budgetary increases. However, as a whole, lapsing or leaving positions unfilled is one of the primary ways in which parks have avoided over-expending in a tight budget environment. This is especially evident among seasonal employees, which allow the parks more flexibility in hiring from year to year.

*Question 262.* How many National Park Service employee positions have remained vacant for more than 6 months since October 1, 2001? Provide a list that includes region, state, park unit, and salary for each position.

*Answer.* Estimating the number of positions being lapsed would require a very subjective analysis. For example, if an employee retires or leaves a park, and the park hires a position in a different division or capacity, is the vacated position considered to be lapsed, or is the position obsolete? Parks may also choose not to fill a position in order to accelerate their rate of equipment replacement or project funding. While it is a requirement that positions be established in the Federal Personnel and Payroll System (FPPS) in order to hire an employee, there is no requirement nor does the system automatically eliminate obsolete vacant positions.

Perhaps the most objective way to determine the extent to which the NPS is lapsing positions to accommodate budget constraints is to evaluate the number of Full-Time Equivalents (FTE) paid by the NPS each year. FTE are a standard measure of staffing used through the Federal government. One FTE equates to a full-time permanent person. Please note that a single FTE may represent more than one employee if they fill seasonal or part-time positions.

NATIONAL PARK SERVICE FULL TIME EQUIVALENT EMPLOYEES

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Discretionary Fund- ed FTE .....	17,345	17,451	17,359	17,038	17,176	16,599
Mandatory Funded FTE .....	1,567	1,501	1,500	1,573	1,631	1,771
Reimbursable FTE ..	506	560	681	688	694	726
Allocation FTE .....	871	993	1,034	1,100	984	960
<b>Total National Park Service FTE .....</b>	<b>20,289</b>	<b>20,505</b>	<b>20,574</b>	<b>20,399</b>	<b>20,485</b>	<b>20,056</b>

The NPS funded 233 fewer FTE in FY 2006 than in FY 2001. This includes 746 fewer FTE funded through discretionary appropriations in FY 2006 than in FY 2001, but that was partially offset with more FTEs funded through reimbursements and mandatory funds.

*Question 263.* How many permanent National Park Service employee positions are currently vacant throughout the National Park System? Provide a list by region, state, park unit, grade level, position title, and salary.

*Answer.* This data is not readily available, would have to be verified by each park/office in NPS, is subjective in nature, and would take a considerable amount of time to compile. Again, a better measure is to evaluate FTE usage, shown above.

## BICYCLING IN NATIONAL PARKS

*Question 264.* The National Park Service signed a memorandum of agreement with the International Mountain Bicycling Association (IMBA) in 2005 to improve opportunities for mountain bicycling in National Parks.

What is the status of the Pathways project in Grand Teton National Park? Is the Pathways effort being conducted in accordance with the National Park Service/IMBA agreement?

Answer. The NPS released a Final Environmental Impact Statement for the Transportation Plan in September 2006, and recently concluded the process of formal consultation with the U.S. Fish and Wildlife Service. A Record of Decision is expected to be signed before the end of the month. The agreement between IMBA and the NPS focused primarily on the availability of existing administrative roads for bicycling, whereas the Grand Teton Transportation Plan proposes the construction of new pathways, parallel to existing roads, to provide enhanced and safe opportunities for bicycling.

*Question 265.* What is the National Park Service policy for mountain bicycling?

Answer. The NPS is committed to increasing public awareness of outdoor recreational opportunities in the national park system that promote health and fitness, and has recognized that mountain bicycling in authorized areas can be an excellent way to enjoy America's outdoor heritage in a manner that is compatible with resource protection. Under the agreement with the IMBA, NPS committed to work with our partners to identify mutually beneficial projects or activities, including trail construction and maintenance projects, trail patrols, docent programs, gathering and sharing information regarding mountain biking on NPS lands, safety training, and other educational efforts.

Under NPS regulations, the designation of roads, areas, and routes as appropriate for mountain biking must comply with the requirements of 36 C.F.R. 4.30 and all other applicable laws, regulations, and policies of the NPS. While park roads and parking areas within developed zones do not require special designation allowing bicycles, proposed bicycle use on all other routes within developed zones, and administrative roads (those closed to public motorized use) outside of developed zones will require an analysis, including public comment, and decision pursuant to NEPA. Any proposed route other than an administrative road that is not within a developed zone must be promulgated as a special regulation.

*Question 266.* Which units of the national park system allowed mountain bicycling prior to the 2005 agreement with IMBA? Provide a list by region, state, and unit.

Answer. Bicycling is a welcome and recognized activity at over 130 national parks. However, NPS does not differentiate between mountain biking and other types of bike riding in national parks.

*Question 267.* Which park units have begun allowing mountain bicycling as a result of the 2005 IMBA agreement? Provide a list by region, state, and unit.

Answer. Since entering into the agreement with the IMBA, NPS has announced 3 pilot projects, including:

- Big Bend National Park (Texas; Intermountain Region). This unit is initiating an Environmental Assessment study, a necessary first step toward creating opportunities for singletrack riding in the 801,000-acre park. If the results of the study are favorable, NPS will move forward with a rule-making procedure to permit mountain biking in non-Wilderness areas.
- Fort Dupont National Park (Washington, DC; National Capital Region). Fort Dupont provides a unique opportunity for singletrack mountain bicycling inside the Beltway with eight miles of existing trails open to biking. NPS, in conjunction with IMBA and its local affiliate will carry out an assessment of the hiking and biking trails within the Fort Circle Parks, greatly assisting the park with the goals of improving both trail sustainability and visitor access and enjoyment of the trail system.
- Cuyahoga Valley National Park (Ohio; Midwest Region). This unit, only 15 minutes from downtown Cleveland, will examine mountain bicycling as a possible component of its next trail management plan revision.

*Question 268.* How many miles of paved, unpaved, and off road bicycling does the national park service currently allow? Provide a list by region, state, and unit.

Answer. The NPS does not maintain records of the number of miles of paved, unpaved, and off-road bicycling allowed in national parks.

## NATIONAL HERITAGE AREAS

*Question 269.* How will the National Park Service allocate funding for National Heritage Areas under the continuing resolution? How much funds will each National Heritage Area receive in FY2007?

*Answer.* The FY 2007 operating plan forwarded to the Appropriations Committees allocates essentially level (\$13.3 million) funding to the Heritage Area program. Funding has not been allocated to individual areas yet.

*Question 270.* How much has each National Heritage Area received in federal and non-federal funding each year since originally designated? How much of the non-federal share for each heritage area was cash? How much of the non-federal share was goods-and-services or some other type of in-kind contribution? Provide a list by state and heritage area.

*Answer.* Attached below is a chart\* titled "Funding information on Heritage Partnership Programs". This chart shows the year each National Heritage Area (NHA) was designated, total funding received through 1996, and then annually through FY 2006. The National Park Service (NPS) does not maintain records of how much non-federal funding each NHA has received since designated. Each NHA, except Cane River National Heritage Corridor, is required to match the federal funds that it receives under the legislative authorization that established the area. In requesting funding through their cooperative agreements or through their direct appropriations, NHAs are required to certify that they have the required match.

In addition, NHAs receiving over a specified amount, usually \$100,000 a year (the majority of NHAs fall into this category) are required to undertake an annual audit by an independent auditor. This annual audit includes an examination of the financial records of the NHA including verifying the existence of the required matching funding. The NPS does not maintain records of the non-federal share or whether the non-federal share was cash or in-kind goods and services.

*Question 271.* Compare and contrast the various management entities for all National Heritage Areas currently in existence. How many members does each area have? How are the members selected for each area? How long can each member serve and how are they replaced? What form of compensation does each member receive?

*Answer.* The chart below, titled "Management Entities in National Heritage Areas," shows the various organizational approaches that serve as management entities for NHAs. As heritage areas rely on strong regional or local support, it is important to have an organization, either a newly created one or an existing organization, that has the credibility to guide the management planning process and implement the plan's goals and objectives. The management entity must also have financial resources to provide staff, support, and seed money for community projects. NHAs utilize a number of different management structures. There are a number of options:

- *Nonprofit organization.*—This is the most common management structure. Board structure and membership can be tailored to local situations and the nonprofit can act quickly and entrepreneurially to take advantage of opportunities. It can hire staff without the constraint of government rules and seek public and private funding. Sometimes an existing organization can be transformed into the management entity, if the board and staff place the interest of the heritage area before individual interests or past agendas.
- *Federal commissions.*—Under this management approach, the Secretary of the Interior appoints members to a statutorily established NHA commission. The commissions are governmental entities and for this reason they have a certain stature and authority. However, they are also bound by numerous governmental requirements. Commissions can be useful for areas where there exist many diverse constituencies to be represented or a strong governmental partner. For example, the Erie Canalway National Heritage Area has a close partnership with the New York Thruway Authority who provides day-to-day management of the 500-mile Erie Barge Canal's \$50 million annual budget. A federal commission was seen as essential to offer fair representation and to place the two organizations on a more equal footing.
- *State Agency Management.*—In some cases, a branch of state government manages the heritage area and the state program relies on local leadership to manage individual heritage sites. State agencies can provide the necessary staffing and support to get a new NHA underway. Other specialized agencies such as

\*Graphic has been retained in committee files.

state authorities or state universities are successful when they embrace and involve local leaders.

As in so many principles of heritage area success, management entities need to keep leadership on the local level while at the same time focusing on the larger goals of the heritage area. They must consider their fiduciary responsibility to regional needs ahead of any one local project or state area of emphasis.

As indicated on the attached chart, NHAs have a variety of management entities. For areas managed by state agencies, the management entity is not made up of individual members. For NHAs managed by nonprofits, the NPS does not record how many members serve on the board of the nonprofit, how they are selected or how long they can serve on the board of the organization.

For Federal commissions, the number of members, selection and length of service, and other requirements are defined by the legislation that established the NHA. Below is a summary:

Name	No. of Members	Term (Years)	Reappointment
Blackstone River Valley NHC .....	19	3	May be reappointed.
Cane River NHA .....	19	3	May be reappointed.
Delaware and Lehigh NHA .....	21	3	May be reappointed.
Erie Canalway .....	27	3	May be reappointed.
Gullah/Geechee NHC .....	15	3	No provision.
Ohio and Erie NHC .....	21	3	May be reappointed.
Southwest PA Heritage Comm. ....	21	3	May be reappointed.

The Secretary of Interior appoints members to Federal commissions who serve as the management entity for NHAs.

As for compensation to members of Federal commissions, the legislation establishing a Federal commission for the management of a NHA usually contains a provision authorizing reimbursement of actual expenses incurred in attending commission meetings. Usually the legislation contains this provision or similar language: "Members of the Commission shall receive no compensation for their services on the commission. While away from their homes or regular places of business in the performance of services for the commission, members shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in Government service are allowed expenses under section 5703 of title 5, United States Code." However, not every NHA provides for travel expenses. For example, the Ohio and Erie Canalway legislation specifically states that members shall serve without compensation for their service.

MANAGEMENT ENTITIES IN NATIONAL HISTORIC AREAS—OCTOBER 2006

Heritage Areas	Year of Designation	Type of Management Entity
American's Agricultural Heritage/Silos and Smokestacks.	1996	Non-profit corporation.
Arabia Mountain National Heritage Area .....	2006	Non-profit corporation.
Atchafalaya National Heritage Area .....	2006	State commission.
Augusta Canal National Heritage Area .....	1996	Municipal authority.
Blue Ridge National Heritage Area .....	2003	Non-profit board.
Cache La Poudre River Corridor .....	1996	None.
Cane River National Heritage Area .....	1994	Federal commission.
Champlain Valley National Heritage Partnership	2006	Federal commission.
Crossroads of the American Revolution National Heritage Area.	2006	Non-profit corporation.
Delaware & Lehigh National Heritage Corridor ...	1988	Federal commission.
Erie Canalway National Heritage Corridor .....	2000	Federal commission.
Essex National Heritage Area .....	1996	Non-profit corporation.
Freedom's Frontier National Heritage Area (Bleeding Kansas).	2006	Non-profit corporation.
Great Basin National Heritage Route .....	2006	Non-profit corporation.

MANAGEMENT ENTITIES IN NATIONAL HISTORIC AREAS—OCTOBER 2006—  
Continued

Heritage Areas	Year of Designation	Type of Management Entity
Gullah/Geechee Heritage Corridor .....	2006	Federal commission (pending).
Hudson River Valley National Heritage Area .....	1996	Jointly managed by State agency and non-profit corporation.
Illinois and Michigan Canal National Heritage Corridor.	1984	Non-profit corporation.
John H. Chafee Blackstone River Valley National Heritage Corridor.	1986	Federal commission.
Lackawanna Heritage Valley .....	2000	Municipal authority.
Mississippi Gulf National Heritage Area .....	2004	State agency.
Mormon Pioneer National Heritage Area .....	2006	Non-profit board.
Motor Cities-Automobile National Heritage Area	2000	Non-profit corporation.
National Aviation Heritage Area .....	2004	Non-profit corporation.
National Coal Heritage Area .....	1996	State authority.
Northern Rio Grande National Heritage Area .....	2006	Non-profit corporation.
Ohio and Erie National Heritage Canalway .....	1996	Federal commission assisted by non-profit corporation.
Oil Region National Heritage Area .....	2004	Non-profit corporation.
Quinebaug-Shetucket Rivers Valley National Heritage Corridor.	1994	Non-profit corporation.
Rivers of Steel National Heritage Area .....	1996	Non-profit corporation.
Schuylkill National Heritage Area .....	2000	Non-profit corporation.
Shenandoah Valley Battlefields National Historic District.	1996	Non-profit corporation.
South Carolina National Heritage Corridor .....	1996	State agency.
Southwestern Pennsylvania/Path of Progress National Heritage Tour Route.	1988	Federal commission.
Tennessee Civil War Heritage Area .....	1996	Center for Historic Preservation (MTSU) (state university/"agency").
Upper Housatonic Valley National Heritage Area	2006	Non-profit corporation.
Wheeling National Heritage Area .....	2000	Non-profit corporation.
Yuma Crossing National Heritage Area .....	2000	Non-profit corporation.

*Question 272.* Which National Heritage Areas use federal funds to pay for salaries, office supplies, travel, and other administrative expenses? Provide a list that includes the name of the Heritage Area, location by state, number of employees receiving federal funds, amount received, amount of federal funds used for travel, and amount of federal funds used for other administrative expenses.

Answer. At this time, only the Blackstone River Valley National Heritage Corridor and the Erie Canalway National Corridor have staff that is funded directly by the Federal government. In the past, all of the early heritage areas had NPS staff including the Illinois and Michigan Canal Corridor, Delaware and Lehigh Canal Corridor, and the Southwest Pennsylvania Heritage Preservation Commission, but this is no longer the case.

*Blackstone River Valley National Heritage Corridor.*—Personnel: \$702,500, 10 employees; Travel: \$29,000; Administration: \$68,500.

*Erie Canalway National Heritage Corridor.*—Personnel: \$183,232, 2 employees; Travel: \$10,691; Administration: \$10,800.

All other NHAs receive funding based on implementing the goals and objectives identified in the approved management plan. In most cases funding is made available through a cooperative agreement with NPS regional offices or related park units. Hence, funding is program and project based and annual reporting and requests for reimbursements are based on programs or projects that have been completed.

*Question 273.* What is the status of the management plan for each National Heritage Area? What was the cost to prepare each plan, the source of funding (e.g., federal, state, private), amount of time required completing each plan, and the average cost per plan? Provide a general narrative of the planning process along with this response.

Answer. Attached is a chart\* titled "National Heritage Areas Management Planning Status," which shows the status of management planning in each of the NHAs. The NPS does not maintain records on the cost per management plan for each of the areas. Costs vary depending on such factors as the use of consultants versus in-house staff, size and scale of the NHA, and the region of the country. The NPS estimates for NHA management planning range from \$200,000 to \$350,000 based on the factors identified above and similar efforts undertaken by NPS planning staff.

NHA management planning is an important step in creating awareness of the heritage area and building consensus around shared goals and a mission. The plan should be founded on initiatives that are community based and tailored to the conditions of each area. The essential elements of a management plan are a vision statement, goals and objectives, and an action agenda or framework to achieve the vision. Many plans also identify potential roles and opportunities for partner participation, identify key resources, and identify how the plan complements similar efforts and programs in the region. Some of the more recent NHA plans also include a section on potential sources of funding and/or a business plan.

As documents that will implement federally funded actions, NHAs are required to meet the requirements of the National Environmental Policy Act (NEPA). Depending on the impact of the planned actions, NHAs complete an environmental assessment or an environmental impact statement. Most areas are required to complete a management plan within three years of the date after the management entity receives federal funding. The Secretary of the Interior is required to review and approve the plan to ensure that it meets the legislative purposes for which the area was designated.

*Question 274.* Which National Heritage Areas provide loans for historic preservation, business start-up, or cultural activities that promote tourism? Provide a list of all areas that allow such use of funds, the amount of federal money involved and the amount of non-federal share. If the funds are provided as a loan, what is the average interest rate and repayment period? Provide a specific list of any loans that have defaulted and the amount of money involved in each case.

Answer. Although only a few National Heritage Areas have the authority to make loans, only one NHA, the Southwest Pennsylvania Heritage Preservation Commission, has made loans in furtherance of the area's management plan.

NHAs with direct authority to make loans and status: Hudson River Valley Heritage Area—No loans made; Illinois and Michigan Canal Corridor—No loans made; Ohio and Erie National Heritage Corridor—No loans made; Rivers of Steel National Heritage Area—No loans made; Southwest Pennsylvania Heritage Preservation Comm.—Report being prepared.

In the case of the South Carolina National Heritage Corridor, the Secretary of Interior is authorized to make loans in consultation with the management entity. However, no loans have been made under this authority.

#### WOLVES IN YELLOWSTONE NATIONAL PARK

*Question 275a.* The Northern Rocky Mountain Wolf Recovery plan proposed re-introduction of *Canis lupus* (gray wolf) to Yellowstone National Park and central Idaho as part of a wolf restoration plan for the northern Rocky Mountains of the United States. Strong opposition from some groups within the region forestalled the action for two decades. An environmental impact statement, conducted in 1992–1994 with extensive public input, culminated in a proposal to reintroduce wolves designated as "non-essential—experimental" under Section 10(j) of the federal Endangered Species Act. This approach, approved by the Secretary of the Interior in

\*Graphic has been retained in committee files.

1994, provided for wolf restoration while allowing management flexibility to deal with concerns of the local public. A reintroduction plan was developed in the summer and fall of 1994. The reintroduction effort in Yellowstone National Park began in January 1995 with the capture of 14 wolves in Alberta, Canada, and release into Yellowstone in March of that year. Subsequent releases have been made since that time.

*Question 275b.* What is the history of the wolf population in Yellowstone prior to 1995?

*Answer.* Wolves occurred in low densities in Yellowstone National Park in the late 19th and early 20th centuries. Intensive control of wolves by the National Park Service from 1914-1926 removed at least 136 wolves, including about 80 pups. Some wolves survived the control era, but resident wolf packs were eliminated from Yellowstone by the 1930's. Gray wolf populations were also eliminated from Montana, Idaho, and Wyoming, as well as adjacent southwestern Canada, by the 1930s. After human-caused mortality of wolves in southwestern Canada was regulated in the 1960s, populations expanded southward. Dispersing individuals occasionally reached the northern Rocky Mountains of the United States, but lacked legal protection there until 1974 when they were listed as endangered under the Act.

*Question 276.* Describe the reintroduction effort including the planning process, federal, state, and non-government organizations involved and the role of each; date and size of each reintroduction, and number of offspring and mortality for each pack each year since the effort began.

*Answer.* In 1974, wolves in Montana and Wyoming became protected under the new federal Endangered Species Act, and the U.S. Fish and Wildlife Service (USFWS) was mandated to achieve wolf recovery. In 1974, the State of Montana led a USFWS recovery team that recommended wolf restoration in the area stretching from Yellowstone National Park to the Canadian border. The Greater Yellowstone Area's 19,000 square miles of public land, wilderness, abundant wildlife, and Yellowstone National Park core came to the top of every list of potential wolf reintroduction sites. As wolf restoration continued to gain public support and momentum, Yellowstone became synonymous with wolf recovery. Biologist John Weaver concluded his 1978 report, *The Wolves of Yellowstone*, by recommending a transplant of wolves from British Columbia or Alberta to Yellowstone. In 1980, the first northern Rocky Mountain wolf recovery plan was signed. In 1987, a revised recovery plan recommended that wolves be reintroduced to the Yellowstone area as an experimental population, which allowed extra management flexibility to address the concerns of the park's neighbors. The idea of wolf reintroduction to Yellowstone continued to gather steam. In 1988, Congress mandated the National Park Service's *Wolves for Yellowstone?* studies to investigate the possible impacts of wolf reintroduction. In 1990, Congress established a Wolf Management Committee in an attempt to reduce public controversy over wolf reintroduction, and funded another round of *Wolves for Yellowstone?* studies.

In 1991, Congress directed the USFWS to prepare an Environmental Impact Statement (EIS) on reintroduction of gray wolves to Yellowstone National Park and central Idaho. Extensive public involvement (130 open houses and hearings) throughout the process included affected states, tribes, and organizations. The Record of Decision for reintroduction of the gray wolf into Yellowstone National Park was signed by the Secretaries of Interior and Agriculture on November 22, 1994. Reintroduction of wolves at Yellowstone National Park began in the winter of 1994-1995 and was completed in the winter of 1995-1996. A total of 41 wolves in 7 packs were released after 10 weeks of penned acclimation. Unexpectedly, four of seven packs bred inside the pens and gave birth to their pups in the wild after release, hastening initial wolf population growth.

About 254 documented wolf deaths have occurred in the Greater Yellowstone Area (GYA) since the initial reintroduction. Typically, 1-5 wolves per pack disperse or die in a year. Over half of the mortalities are human caused with the rest classified as natural or unknown deaths. The leading natural cause of mortality is wolves killing other wolves. At least eleven wolves have also been killed while chasing prey species (e.g., elk, moose, bison) during hunts.

Average litter size in Yellowstone National Park is 5 pups/female with typically 3-4 surviving until winter.

More details about annual population size, distribution, and mortality can be found in annual wolf project reports from 1996-2005 at <http://www.nps.gov/yell/naturescience/wolves.htm>. Source: *Ten Years of Yellowstone Wolves: 1995-2005*. *Yellowstone Science* 13:1, [http://www.nps.gov/yell/planyourvisit/upload/YS13\(1\).pdf](http://www.nps.gov/yell/planyourvisit/upload/YS13(1).pdf).

*Question 277.* How much has been spent on the reintroduction effort including the planning process each year since October 1, 1980? How much has each federal, state, and non-government organization contributed to the total each year?

Answer. Wolf recovery has been almost entirely funded by federal appropriations and private donations. Wolf recovery in the Northern Rocky Mountains from 1973 through 2006 cost approximately \$24,119,000 (rounded to nearest \$1,000, with no adjustments for inflation and not including U.S. Department of Agriculture's Wildlife Services (WS) costs for investigating reports of suspected wolf damage and problem wolf control beyond the \$100,000 per year provided by the FWS to WS from 1992-2004) and the approximately \$200,000 per year spent on wolf monitoring and research in the National Parks since 1995.

Defenders of Wildlife (DOW) provided a compensation program for livestock killed by wolves, with expenditures of more than \$500,000 from 1987 through December 2005. During the last 5 years, DOW paid an average of about \$84,000/year in compensation to livestock producers in Montana, Idaho, Wyoming, and Utah for confirmed and probable wolf-caused damage to livestock and livestock herding and guarding animals. Additionally, DOW shared the cost of proactive and non-lethal methods to help livestock operators avoid or reduce conflicts with wolves. These methods included providing livestock guarding dogs, fencing, range riders, carcass removal, and alternative pasturing for livestock. Universities in Idaho, Montana and Wyoming also provided substantial funding and support for their graduate students conducting various wolf research projects.

Additional information can be found at [http://www.fws.gov/mountain-prairie/species/mammals/wolf/annualrpt06/2006\\_annual\\_report.pdf](http://www.fws.gov/mountain-prairie/species/mammals/wolf/annualrpt06/2006_annual_report.pdf).

*Question 278.* Describe the monitoring effort since the initial release in March 1995. How much has been spent for monitoring each year, how many people have been involved, what techniques are used such as collaring and telemetry, aerial surveillance, and ground-based census, and how has the monitoring program changed since its inception? Describe the monitoring effort planned for 2007 including funding, manpower, organizations involved, and techniques used.

Answer. Wolf distribution and population dynamics are monitored annually in Yellowstone National Park, primarily through aerial telemetry. The most effective way to obtain accurate information on wolves is to equip some of the wolves with radio collars that can be tracked during aerial and ground surveys. To be able to track each wolf pack, at least one wolf in the pack must be collared. However, because wolves wearing the collars may disperse from their pack or die, and the collars may malfunction or be chewed off, staff try to keep more than one wolf in each pack collared so that there is a backup collar in the pack. Each year, 25–30 wolves are captured by darting them with a tranquilizer from a helicopter so that they can be collared. Whenever a wolf is captured, staff take the opportunity to measure and weigh the wolf, and obtain a blood sample for genetic and disease analysis. At the end of 2005, 39 (33%) of the 118 wolves that reside primarily in Yellowstone National Park were collared. Monitoring flights are conducted weekly, weather permitting, to locate as many wolves as possible. Wolves are counted in early and late winter, and radio collars are tracked year-round. Pups are counted at dens and again in early winter to determine over-summer pup mortality. Staff follow up on all wolf mortalities to determine cause of death.

Wolf-prey relationships are documented by observing wolf predation directly during monitoring flights and ground observations and by evidence available at kill sites. Data is recorded on behavioral interactions between wolves and prey, predation rates, the total time wolves fed on their kills, percent consumption of kills by wolves and scavengers, characteristics of wolf prey (e.g., sex, species, nutritional condition), and characteristics of kill sites. Studies of winter and summer predation patterns enhance understanding of seasonal variations, interactions with other wolf packs and other carnivores, movements with respect to dens during pup-rearing, and territory size, use, and overlap. To determine kill rate and prey selection, the wolves are intensively tracked during two 30-day winter study periods in March and November–December, in addition to the regular weekly monitoring flights. This monitoring program has been in effect since 1997 and similar effort is expected in 2007.

The Yellowstone wolf project has 2 permanent employees, an annual average of 6 seasonal employees and an annual average of 13 volunteers (volunteers contribute approximately 5,600 hours annually).

Annual funding for the Yellowstone Wolf Project is represented in the chart below:

## ANNUAL FUNDING FOR THE YELLOWSTONE WOLF PROJECT

Fiscal Year	Total Funding	Appropriated	Private Donations
1994 .....	\$360,000	\$360,000	
1995 .....	399,300	399,300	
1996 .....	327,881	263,600	\$64,281
1998 .....	409,469	221,000	188,469
1999 .....	311,867	228,000	83,067
2000 .....	330,755	235,500	95,255
2001 .....	321,005	223,700	97,305
2002 .....	354,474	222,600	131,874
2003 .....	397,394	212,700	184,694
2004 .....	479,336	209,300	270,036
2005 .....	454,500	174,500	280,000
2006 .....	446,200	166,200	280,000

We estimate that approximately 80 percent of the funding for this project is spent on monitoring efforts, with remaining 20 percent going toward management.

*Question 279.* What is the status of the wolf reintroduction, management, and monitoring effort in Yellowstone National Park?

Answer. There were about 381 free-ranging wolves in at least 48 packs in the greater Yellowstone recovery area (GYA) as of December 31, 2006. Approximately 31 greater Yellowstone packs are currently counted as breeding pairs toward delisting criteria. Within Yellowstone Park, there were about 136 free-ranging wolves in 13 packs as of December 31, 2006.

Since 2000, the Northern Rocky Mountain Recovery Area met biological recovery criteria for delisting with more than 30 breeding pairs each year across the three recovery areas. This completes the three-successive-year criteria needed to start the delisting process. Idaho and Montana have approved wolf management plans and day-to-day management of wolves has been transferred to them. The protections of the ESA will not be removed in biologically significant portions of Wyoming outside of the national parks until the State's law and plan are approved.

## FRANCHISE FEES

*Question 280.* There seems to be a trend of rising franchise fees for the concessioners who operate in the National Park units.

How are these trends justified in keeping with the intent of the 1998 National Parks Omnibus Management Act which states that the franchise fee revenue "shall be subordinate to the objectives of protecting, conserving, and preserving, resources of the unit of the National Park System and of providing necessary and appropriate facilities to the public at reasonable rates?"

Answer. Franchise fees as a percentage of total gross revenue has increased from 1.8 percent in 1999 to an estimated 3.4 percent in 2005. The larger percentage of franchise fee revenue reflects higher average franchise fees on contracts issued in recent years, partly due to increased competition for contracts. However, the trend toward larger fees is not inconsistent with the legislative mandate of subordinating franchise fee revenue to protecting resources and providing services at reasonable rates. Minimum franchise fees are set in a prospectus only after planning is done to ensure that the services are necessary and appropriate for the visiting public and consistent with the preservation and protection of park resources. Only when these objectives are met are the financial aspects of the operation analyzed to determine a minimum franchise fee that will still allow for a reasonable profit for the prospective operation, given the investment requirements and risk.

*Question 281.* Since passage of the 1998 Act, how many concessions contracts have been negotiated and at which park units? Of those, how many prospectuses have been prepared which have not raised the franchise fee from what was in the previous contract, how many have raised the franchise fee, and how many have lowered the franchise fee?

Answer. The NPS has awarded approximately 450 contracts based on the 1998 law. We will provide a list of the contracts, and the franchise fees for them, separately. However, the business opportunity in many of the new contracts is different than under the old contract, so a contract-by-contract comparison is difficult to do fairly.

That said, the NPS did a franchise fee analysis of 160 concession contracts issued since 1998 (smaller contracts, on average). The analysis showed that franchise fees

increased in 81 of the 160 contracts, from an average of approximately 3.4 percent of revenue to and average of approximately 4.8 percent. Franchise fees decreased in 23 of the contracts, and remained the same in 56.

*Question 282.* How have visitor services changed (i.e., improved or declines) in each park unit where the franchise fees have increased?

Answer. Most prospectuses and resulting contracts have resulted in significant, non-monetary improvements, most notably in the areas of resource protection and higher quality visitor services. For example, the new transportation contract at Denali National Park requires buses to meet California Air Resource Board standards and to use low sulfur diesel fuel several years prior to adoption of nationwide standards, and the new contract for merchandise at Mount Rushmore National Park emphasizes natural and cultural resources, geology, and unique local area attributes.

*Question 283.* How has the reasonable opportunity for the concessioner to gain a net profit in relation to the capital invested and the obligations of the contract been changed (e.g., reduced or increased) because of higher franchise fees?

Answer. The minimum franchise fee set in a prospectus takes into consideration the reasonable opportunity for net profit in relation to capital invested and the obligations of the contract, as required by law. If a franchise fee is set too high for a business to make a profit, no one will submit an offer on the contract.

#### CONCESSIONS CONTRACTS

*Question 284.* In some recent concessions contracts or prospectuses, services that were previously provided by the concessioner, have not been part of those contracts or prospectuses, and have been turned over to non-profit groups to operate.

Why have certain services been turned over to non-profit groups to operate?

Answer. We are only aware of two situations where services previously provided by the concessioner were assumed by a cooperating association: at Fort Sumter National Monument and at the Statue of Liberty National Monument. In the case of Fort Sumter, a small bookstore was being operated by the concessioner. A commercial services plan was conducted, and the final conclusion was that the best way to provide those services was through a non-profit cooperating association. The book store was not included in the analysis of the probable value for the new contract at Fort Sumter. In the case of Statue of Liberty, the not-for profit park "friends" group will be developing an audio tour, which will be sold wholesale to the concessioners for resale. The parks determined that the non-profit group was in the best position to research and develop a historically accurate tour.

*Question 285.* How does the Federal government benefit when services performed by a for-profit concessioner are turned over to a non-profit group to perform?

Answer. Determinations about which entity should provide which services at national park units are made in accordance with applicable laws and for the benefit of the visitor, not for the benefit of the Federal government. Visitors are best served when the entity that is best suited to provide a service is chosen to do so. In general, the NPS has found that visitors are well-served when concessioners provide food, lodging, gas, and other travel necessities, while cooperating associations provide educational and interpretive materials and programs that enable visitors to become more knowledgeable about the park's resources. Visitors benefit from both concessions and cooperating associations—through the franchise fees paid to the National Park Service by concessioners to support facilities and programs, and through the various benefits that cooperating associations provide to parks.

*Question 286.* We are aware of situations at Ft. Sumter and Statue of Liberty where a gift shop and audio tour, respectively, were recently turned over to non-profit groups. Please provide a listing of park units and a description of the services previously performed by for-profit operations that are now performed by non-profit groups since October 1998?

Answer. We are unaware of any other situations within the National Park System where specific operations that had previously been run by a concessioner were turned over to a cooperating association.

*Question 287.* How does removing a viable and business opportunity to concessioners help them achieve a reasonable opportunity for net profit that is required by law?

Answer. Business opportunities are rarely removed from concessioners and when they are, they are usually minor with respect to the operation as a whole. In cases of a new contract, the financial analysis performed to ensure that there is a reasonable opportunity for net profit takes into account the new operating circumstances. If such changes were made during the contract and of significant impact to the oper-

ation as a whole, the removal would require an amendment that may include a change in the franchise fee to reflect the new probable value of the contract.

#### PARK SPECIFIC ISSUES

*Question 288.* Senator Thomas visited various parks during his tenure with the Subcommittee on National Parks. The following issues were discussed during the visits and an update would be appreciated.

What is the status of major repairs/restoration for the Going to the Sun Road in Glacier National Park? How much has been spent on the effort each year since October 1, 2001? What is the estimated cost and timeline to complete the effort?

Answer. From FY 2001 through February 2007, the NPS has spent a total of \$14 million dollars on the Going-to-the-Sun Road. In April 2007, the Western Federal Lands Highway Division of the Department of Transportation will award Phase VI for \$16.5 million. Project development, construction management, and the contract award for construction for Phases VII through IX will expend \$62 million dollars by 2010. The remaining work of Phases IX through XIII is not funded at this time. Work could be completed by 2014 pending funding availability.

*Question 289.* What is the status of major repairs/restoration for the Many Glacier Lodge at Glacier National Park? How much has been spent on the effort each year since October 1, 2001? What is the estimated cost and timeline to complete the effort?

Answer. From FY 2001 through February 2007, the NPS has spent a total of \$10.6 million dollars on the rehabilitation of the Many Glacier Hotel. The next phase for \$8 million is programmed to begin in FY 2011 through the Line item Construction Program.

*Question 290.* Since October 1, 1996, what has the National Park Service spent for control and eradication of the hemlock woolly adelgid (*Adelges tsugae*)? Provide a list of park units affected by the species, approximate number of acres infested within each unit, and amount of funds spent toward the effort at each unit. How much progress has been made toward reducing the spread of the invasive species and toward recovery of the host plant population?

Answer. We are aware of infestations in at least 14 park units, including Great Smoky Mountains National Park, which received a park base increase of \$476,000 in FY 2005 specifically for hemlock woolly adelgid monitoring and mitigating activities. Chemical treatments have proven to be effective in controlling the adelgid but can only be used in certain circumstances and must be reapplied on a yearly basis so they are typically used only on small stands or individual trees. Biological controls are being tried at several parks and may prove to be the most promising method for survival of the eastern hemlock in parks but their effectiveness over large landscapes has yet to be determined. We do not have cost and acreage figures readily available at this time. They will be compiled and provided at a later date.

#### ENERGY ISSUES

*Question 291.* The Department's Budget Request contains a proposal to repeal parts of Section 365 in the 2005 Energy Policy Act. Removing this provision would cause serious harm to the Pilot Program established by Section 365. I understand your Department wants to create a new fee for drilling permits as well. I am opposed to all of these things.

Is the request for a repeal accompanied by a departmental willingness to re-assume the costs associated with archeological inventories, wildlife studies and other environmental work that is supposed to be paid for by BLM but has been picked up by the energy industry for some time now?

Answer. The Federal government utilizes cost recovery authority to require identifiable users, rather than the general taxpayer, to pay for costs incurred by the Federal government on their behalf. The calculated cost recovery fees for APDs only include costs incurred by BLM and do not take into consideration costs related to other activities such as surveys or studies that are incurred by the energy industry.

*Question 292.* Are you aware of the Cambridge Energy Research Associates study, released this week that found the price of exploration and production has risen 53% in the last two years alone?

We are in the midst of an era during which the production of more energy here at home is of paramount importance. In the context of the aforementioned report, please justify your request to repeal portions of EPACT Section 365 and provide a detailed analysis of the impacts your proposal would have on domestic production.

Answer. The number of APDs received has risen steadily over the past ten years. We expect that trend would continue even if BLM began recovering its costs from industry to process the applications.

## PUBLIC LAND ISSUES

*Question 293.* I was disappointed to see your proposed cuts to the Payment in Lieu of Taxes program. This is an important program for the counties in a state like Wyoming where the federal government owns such a large percentage of the land. The counties are required to provide vital services on the federal land, but cannot collect taxes on the land. This program deserves greater funding. Please justify why you are proposing to cut funding by almost 20%?

Answer. Although the \$190 million budget request is below the 2006 record high level, it is above historical funding levels. In FY 2000, PILT was funded at just under \$134 million. As part of the President's effort to constrain spending and reduce the budget deficit while funding key Departmental priorities, the 2008 budget for the Department makes difficult choices, and this was one of them.

*Question 294.* One of your proposals is to zero out the BLM Range Improvement Fund, and amend the Federal Land Policy Management Act (FLPMA) so that all grazing fee receipts will be deposited in the Federal Treasury rather than go directly to fund range improvements. Why did you propose this approach again after it was defeated last year?

Answer. The elimination of the Range Improvement Fund will move more responsibility for the construction and maintenance of public land projects to public land users and public land advocacy groups, state agencies, as well as other BLM programs. We will continue on the ground efforts through our partnerships and cost sharing arrangements.

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM  
SENATOR MURKOWSKI

## ANWR

*Question 295.* Mr. Secretary, since this is your first budget hearing before us, I wanted to seek your views on the importance of oil development in the coastal plain of the Arctic National Wildlife Refuge. Oil production from Alaska unfortunately is on the decline. Where we once pumped nearly 2 million barrels a day south during the first Persian Gulf War, today we produce just 40% of that level. We in the Alaska Delegation will certainly try to convince others in Congress of the importance of opening a small part of ANWR to oil and gas development. Since you are including the receipts of half of the \$7 billion from ANWR oil leases in your budget, I assume that you also feel it is important for ANWR development to proceed. What is your view of ANWR development's importance to the national energy picture?

Answer. I believe that we must improve America's energy security by increasing domestic production of fossil fuels, promoting increased energy conservation, and stimulating the development of alternative fuels. ANWR's coastal plain is the Nation's single greatest onshore prospect for future oil, and this resource can be developed in ways that protect the environment. We can require that exploration take place only in winter, when the landscape is covered with ice and snow. We can limit the footprint to 2,000 acres on federal land, an area the size of a regional airport in an area the size of the entire state of South Carolina. Advanced technology could limit the impact on the environment and its wildlife. For these reasons, ANWR must remain an important option.

## OCS NORTH ALEUTIAN BASIN QUESTION

*Question 296.* The Administration last month lifted the Presidential moratoria that covered the North Aleutian Shelf, presumably to permit OCS oil development to occur in the next several years near the mouth of Bristol Bay. Alaska fishermen are concerned that OCS development in that area will endanger the world's largest sockeye salmon fishery and also potentially harm nearby crab, cod and Pollock fisheries. A lot of that concern could be mitigated if the Department would take the unusual step of imposing tough environmental stipulations earlier in the sale process. Would you be willing to work with us to make sure that local OCS concerns are fully addressed early in the process in the North Aleutian Basin?

Answer. Yes, the Department has been soliciting input from interest parties throughout the development of the Outer Continental Shelf 5-year oil and gas leasing program. We will continue to work with you, the State of Alaska, and the local communities to address any concerns raised and to develop mitigation measures in the sale process. In our 5-Year Program proposal, we have already reduced the area to that requested by the State and the local boroughs, the former Sale 92 area which is distant from the mouth of Bristol Bay. We understand the importance of

the fisheries to the economy of Alaska and will work to ensure it will be safeguarded.

OCS BEAUFORT/CHUKCHI SEAS QUESTION

*Question 297.* For the past three decades the Minerals Management Service has striven to address the concerns of Inupiaq Eskimos engaged in traditional subsistence whaling in formulating Outer Continental Shelf lease sale proposals offshore northern and northwest Alaska and in regulating pre-lease, preliminary, exploration, development and production activities under Outer Continental Shelf oil and gas leases in those areas. Will you ensure that the Minerals Management Service continues to keep protection of subsistence whaling in the forefront of its mind as it plans future oil and gas leasing offshore northern and northwest Alaska?

*Answer.* We will continue to work with the Inupiaq Eskimos and our leaseholders with regard to subsistence whaling. We have deferred from leasing hunt areas used by Barrow and Kaktovik in the Beaufort Sea and continue to include measures to ensure that oil and gas industry activities are coordinated with all bowhead subsistence hunting. These measures have worked in the past. For the upcoming proposed Chukchi Sea Sale 193 (scheduled for February 2007), we are not including the near-shore polynya zone in which the bowhead and other subsistence resources migrate north in the spring. This zone is used by Chukchi village hunters. We have signed an MOU with the Native Village of Kaktovik, the village that is closest to the proposed exploration program off the Canning River, and are discussing with them a further role in monitoring the activity.

POLAR BEAR LISTING PROPOSAL

*Question 298.* Mr. Secretary, the Fish and Wildlife Service has proposed to list the polar bear as a threatened species. The agency states that the future status of Polar Bears depends on models projecting sea ice change and their effect on the species. I understand that these models are in need of further refinements, testing and enhancement. Given this and the quantity of new information on climate change that is entering the literature, do you feel that you will have sufficient scientific evidence to make a listing decision in 12 months?

*Answer.* The Endangered Species Act statutorily requires the Secretary to promulgate a final regulation within one year of publication of the proposed regulation, with an option to extend this period by six months if he finds that there is substantial disagreement regarding the sufficiency or accuracy of the available data. We are committed to working with our colleagues in other federal agencies to carefully and thoroughly evaluate all available commercial and scientific data within this time frame, and we will make the appropriate final determination on the proposed rule in accordance with the statutory guidance.

*Question 299.* Polar Bears have survived through other warming periods, including a substantial warming period that occurred 7,000-10,000 years ago. Why does the Department believe the species may be threatened, given their ability to survive the past?

*Answer.* While there have been warming periods in the past in which the species has survived, available data suggests the most recent warming trend is more acute than in the past and its impacts that much more severe on not only the formation of winter sea ice, but its lasting impacts in the foreseeable future on the older and thicker perennial sea ice that is critical to the overall Arctic system. Polar bears are entirely dependent on sea ice as a platform for harvesting food from the sea. The detrimental effects of prolonged periods without food are demonstrated in the declining Hudson Bay polar bear population, which has experienced longer ice-free periods and associated food deprivation over recent years. The anticipated net reduction in spatial and temporal arctic ice cover will likely translate to a commensurate reduction in carrying capacity for polar bears. However, over the next few months we will continue to evaluate this issue.

*Question 300.* Is there scientific consensus that an ice-free Arctic ocean will occur in the foreseeable future? If not, how do you reconcile the different climate models that give you different outcomes?

*Answer.* Whether or not the Arctic will be "ice-free" within the foreseeable future is not absolute; however, there is a consensus within the climatological community that significant reductions of sea ice will continue to occur into the foreseeable future. Some of the most recent and up to date models indicate an ice-free or nearly ice-free state within the foreseeable future. Available data suggests the most recent warming trend affects the formation of winter sea ice, which has lasting impacts in the foreseeable future on the older and thicker perennial sea ice that is critical to the overall Arctic system. Observations have shown a decline in late summer Arc-

tic sea ice to the extent of 7.7 percent per decade and in the perennial sea ice area of 9.8 percent per decade since 1978. Observations have likewise shown a thinning of the Arctic sea ice of 32 percent from the 1960s and 1970s to the 1990s in some local areas. The end result is a positive heat balance resulting in an accelerated loss of sea.

*Question 301.* Your department acknowledges that a final listing for Polar Bears will not have a direct effect on the loss of sea ice. Given that premise, what activities would the agency focus on to mitigate impacts on the Polar Bears habitat?

Answer. Should FWS in its final analysis determine that the decision to list the polar bear as threatened under the ESA is warranted, Federal agencies would be required, under section 7 of the ESA, to consult with the FWS on any actions that might affect polar bears within the United States. The FWS would also, as required by the ESA, analyze and designate critical habitat for the polar bears in Alaska, if it is prudent and determinable.

#### INSUFFICIENT BUDGET FOR ENERGY PERMITTING

*Question 302.* Our Nation's oil and gas producers can't produce energy from federal lands if the federal agencies in your Department don't have sufficient resources to complete necessary land plans, review and issue permits, conduct the long-term scientific and environmental research necessary to ensure that development has no harmful effects on the environment and wildlife (necessary to satisfy the courts to allow such development to proceed), and to assure the public of the safety of oil and gas developments on federal lands.

Frankly this budget worries me that you are stretching the agencies, BLM, MMS and U.S. Fish and Wildlife Service so thin that it will hinder their ability to move projects forward in a timely manner and conduct the research necessary to fully support and justify development proposals. I frankly also would feel much better if the Department would give MMS, the same authority that BLM has at present, to accept private contributions from industry to help pay for timely environmental analysis. What are your views on the subject?

Answer. Technically, the Minerals Management Service (MMS) has the authority to accept private contributions through the National Environmental Policy Act's implementing regulations and through Public Law 99-591 (43 USC 1473). However, the authority MMS has to accept contributions for environmental analysis is not as clear as BLM's authority. In certain instances, such as where third party preparation of environmental analyses is possible, MMS has entered into agreements directing the activities of a third party contractor but do not actually accept any contributions from the applicant.

#### METHANE HYDRATES

*Question 303.* Mr. Secretary, coming from Alaska that holds so much of the nation's potential methane gas hydrate supplies I am a bit disappointed that there is money in your budget for specific gas hydrate research, especially since the Energy Policy Act of 2005, in its reauthorization of hydrate research, anticipated that we would be spending \$30 million in FY '08 on basic hydrate production and environmental control research. I understand that the Administration is reluctant to support research for any fossil fuel production at current high oil and gas prices, but wouldn't you agree that methane hydrate research is fundamentally different, since we need far more basic research to determine whether the hydrates can be economically recovered, and released without significant discharges of greenhouse gases. Isn't this exactly the type of research the government should be paying for?

Answer. Section 968 of the Energy Policy Act of 2005 directed the Secretary of Energy to conduct a methane hydrates research program. We defer to the Department of Energy regarding issues related to this section of the Act.

The MMS has actively researched hydrates within its limited mandate, which is primarily focused on environmental and engineering characteristics of hydrate formations as they may relate to future MMS regulation of hydrate production and/or conventional oil and gas development. MMS is currently involved in a joint industry project to examine the formation of hydrates in gas pipelines during the reestablishment of flow after a shutdown. While conducted in support of production of conventional natural gas resources, this research will be crucial information for the development of methane gas from hydrates.

The USGS has a number of active research projects on gas hydrates with a variety of partners. Most recently, USGS actively participated in the Department of Energy—British Petroleum Exploration Alaska—U.S. Geological Survey drilling project which conducted research drilling on the North Slope of Alaska to collect samples and gather knowledge about gas hydrate for its potential as a long-term unconven-

tional gas energy resource. This stratigraphic test well enabled the research team to gather core, log, reservoir performance, and fluid data from an ice pad location at Milne Point. The USGS is also the science lead on the India Gas Hydrate research project, a collaborative effort with the Indian Directorate General of Hydrocarbons. The primary objective of the Indian Government's National Gas Hydrate Program is to study, drill, and sample gas hydrates along the continental margin of India in order to meet the long term goal of exploiting gas hydrates as a potential energy resource in a cost-effective and safe manner. USGS also participates in the Gulf of Mexico (GOM) Gas Hydrates Joint Industry Project (JIP), goals of which include: (1) characterizing gas hydrates in the deepwater GOM; (2) assessing and understanding the potential safety hazards associated with drilling wells through sediments containing gas hydrates; (3) developing a database of seismic, core, log, thermophysical, and biogeochemical data to identify current hydrate containing sites in deepwater GOM; (4) drilling and sample collection field testing program to collect data and obtain cores to characterize the hydrate containing sediments in deepwater GOM; and (5) develop wellbore and seafloor stability models pertinent to hydrate containing sediments in the GOM. The USGS is also working with the MMS and the BLM to characterize, evaluate, and assess the gas hydrate resources underlying Federal lands. USGS also conducts a number of geophysical and laboratory studies related to gas hydrates. The geophysical studies are conducted to link the geologic framework to natural gas hydrate occurrence and to better interpret gas hydrate occurrence and characteristics in the subsurface. Laboratory studies of physical properties of gas hydrate-sediment mixtures and pure gas hydrates are essential for understanding drilling results and developing parameters to constrain numerical models of gas hydrate behavior.

#### ALASKA MINERALS PROGRAM

*Question 304.* When Congress enacted the Alaska National Interest Lands Conservation Act, Alaskans were promised that the federal government would continue to make information available on mineral deposits which exist beneath Alaska's public lands. Alaska's public lands are believed to contain significant quantities of coal and strategic minerals. The budget proposes zero funding for the Alaska Minerals Program—zero funding to continue a program that was promised to Alaskans that accepted ANILCA with some considerable reluctance. Why is this justified?

Answer. The President's FY 2008 Budget provides no funding for the Alaska Minerals Program because this work can be accomplished by other entities and because of the need to focus our limited resources on other priorities, such as implementation of the Energy Policy Act of 2005.

#### ALASKA LAND TRANSFER ACCELERATION ACT

*Question 305.* Mr. Secretary, in 2004 the Congress enacted the Alaska Land Transfer Acceleration Act. The premise of that legislation is that the federal government should complete the transfer of all lands due to the State, the Native corporations and Native allotment applicants by the 50th anniversary of Alaska's statehood. 2009 is right around the corner. I wonder how close the Department will come to meeting that deadline and whether the President's budget provides it with adequate funding to meet that mandate?

Answer. As a result of your legislation, BLM has significantly improved its ability to process land conveyances in Alaska. The funding level requested in the FY 2008 budget will allow BLM to have substantively completed determining land ownership patterns by 2009, an important milestone that should allow us to provide for interim conveyances with tentative approval by 2012, greatly increasing certainty for all parties. Final title would await only surveys, which would follow in subsequent years. We will continue to look for opportunities to ensure that we meet our obligation to the State and people of Alaska.

#### RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM SENATOR SALAZAR

##### LAND AND WATER CONSERVATION FUND STATESIDE GRANTS

*Question 306.* The Department of Interior proposes to eliminate funding for the Land and Water Conservation Fund Stateside Grants. I am perplexed by the elimination of funding for the LWCF stateside grant program. These funds are critical to states as they acquire land for trails, parks and recreation uses. Why are you proposing to eliminate this keystone of our nation's cooperative conservation efforts?

Answer. The FY 2008 budget request does not include funding for Land and Water Conservation Fund State grants. As the Administration strives to balance the

Federal budget, focusing on core Federal agency responsibilities is imperative. Many of these grants support State and local parks that have alternative sources of funding through State revenues or bonds.

#### PAYMENTS IN LIEU OF TAXES

*Question 307.* Many rural communities in Colorado have large tracts of federal land from which they do not receive taxes. The Payments in Lieu of Taxes or PILT program is designed to compensate these communities. In 2006, counties like Mesa, Gunnison, Park and the other forty nine counties in Colorado received payments in lieu of taxes amounting to more than \$17 million. The President's proposal asks for just \$190 million for PILT which would represent the lowest level of funding since 2000, and a 20% cut from the 2006 appropriated level. Congress provided \$236 million for PILT in 2006 (below its authorized level of \$350 million). What is the basis for the Administration cutting this program?

*Answer.* Although the \$190 million budget request is below the 2006 record high level, it is above historical funding levels. In FY 2000, PILT was funded at just under \$134 million. As part of the President's effort to constrain spending and reduce the budget deficit while funding key Departmental priorities, the 2008 budget for the Department makes difficult choices, and this was one of them.

#### NATIONAL LANDSCAPE CONSERVATION SYSTEM (NLCS)

*Question 308.* We have some of the country's finest BLM lands in Colorado, including Canyons of the Ancients National Monument, Gunnison Gorge National Conservation Area, and McInnis Canyons National Conservation Area, to name a few. These are the crown jewels of the BLM-managed lands, and they are part of a system that the Department of the Interior created in 2000 to provide additional resources and protection for these lands. This National Landscape Conservation System, as it is called, includes the 26-million most spectacular acres of the 260 million acres that BLM oversees, but it has been consistently underfunded over the last six years. This under-funding is resulting in damage to resources, lawlessness, and inadequate resources for visitors.

At Canyons of the Ancients National Monument, which has the highest density of cultural sites in America, 47 ancestral Puebloan sites were looted in the first half of 2006. With only one law enforcement officer for the entire monument—there are not nearly enough resources to prevent this type of vandalism.

McInnis Canyon National Conservation Area shares its law enforcement officer with the rest of the BLM field office. That officer is responsible for overseeing 1.3 million acres of BLM land.

Considering that at current funding levels for the National Landscape Conservation System the BLM is already struggling to protect the cultural, natural, and scenic resources on these "crown jewel" lands, how will a \$10 million cut in funding for NLCS help with the protection of resources at places like Canyons of the Ancients and McInnis Canyons?

*Answer.* The Department supports the National Landscape Conservation System (NLCS). The NLCS includes approximately 27 million acres of land and hosts more than one-third of the recreation on BLM-managed lands. The differences in the NLCS budget from FY 2006 to FY 2008 are caused by a number of factors. First, the NLCS completed a number of projects in FY 2006 and anticipates completing others in FY 2007. These completed projects will not need funding in FY 2008. These include the conclusion of the commemoration of the Lewis and Clark expedition and the completion of planning efforts at several NLCS areas including Craters of the Moon, Kasha Katuwe, and Sloan Canyon. Savings are estimated at over \$3 million. Second, the FY 2006 figures include approximately \$3.8 million in recreation fees that are not currently reflected in the FY 2008 budget. Third, almost \$3.5 million in earmarks directed to the NLCS in FY 2006 were not included in the FY 2008 budget.

The budget also seeks \$15 million for the new Healthy Lands Initiative which benefits the NLCS by expanding cooperative conservation and restoring nearly half a million acres of western land, including some NLCS units. Additionally, the President's FY 2008 Budget once again provides \$9.4 million for the Challenge Cost Share program, which uses partnerships to accomplish cultural resource work, among other types of projects. For example, the site stewardship program at Spirit Cave in Nevada has leveraged \$8000 Challenge Cost Share funds to reduce vandalism and protect important prehistoric and historic resources.

## NLCS ACCOUNTABILITY

*Question 309.* Congress has allocated about \$56-59 million a year to the NLCS for the past six years. National Monuments and other areas in the BLM's Conservation System were established to achieve specific goals, such as the protection of rare wildlife and unique archaeological sites.

What annual measures does BLM use to track the health and stewardship of the Conservation System and the agency's success at achieving specific resource outcomes?

*Answer.* The BLM uses project and organizational codes for tracking accomplishments within each NLCS unit. Individual codes have been established for each National Monument, National Conservation Area, Wild and Scenic River, and National Scenic and Historic Trail. These codes, in combination with the Bureau's Operating Plan, are used to track the agency's progress in achieving outcomes. The following table outlines the performance expectations for the NLCS in Fiscal Year 2008. The variations in performance are the result of the BLM's efforts in FY 2006 and FY 2007 to clarify definitions and standardize accomplishment reporting for these measures.

NATIONAL LANDSCAPE CONSERVATION SYSTEM MANAGEMENT PERFORMANCE OVERVIEW

Measure	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Likely Enacted	2008 Plan	Change from 2007 Plan to 2008
Percent of miles of National Historic Trails, Wild and Scenic Rivers, and other linear Special Management Areas under DOI management meeting their heritage resource objectives under the authorizing legislation.	New measure.	56% 4,138/7,447	56% 4,171/7,447	0%				
Percent of acres of Wilderness Areas and other Special Management Areas under DOI management meeting their heritage resource objectives under the authorizing legislation.	New measure.	Establish Baseline.	TBD	TBD				
Percent of National Monuments and National Conservation Areas meeting resource condition objectives.	84% 27/32	78% 25/32	78% 25/32	100% 32/32	78% 25/32	100% 32/32	100% 32/32	0%
Cumulative percent of miles of designated wild and scenic rivers achieving wild and scenic river condition objectives.	98% 2,020/2,052	99% 2,033/2,052	62% 1,278/2,061	99% 2,045/2,052	62% 1,278/2,061	99% 2,045/2,052	99% 2,045/2,052	0%
Percent of miles of designated scenic and historic trails achieving trail protection.	56% 3,058/5,484	52% 2,804/5,386	52% 2,804/5,386	55% 3,266/5,979	52% 2,804/5,386	53% 2,860/5,386	53.7% 2,893/5,386	0.7% + 33 miles

## NLCS BUDGET TRANSPARENCY

*Question 310.* Of the various special designations which comprise the BLM's National Landscape Conservation System, only wilderness has its own budget subactivity. Since there is no line item in the President's budget for the Conservation System—nor have we seen measures of success for the System in past years or reports on conservation progress—it is difficult to determine what funding the Conservation System receives, how the funds are spent, what the funding achieves, and what needs are not addressed.

Will you please provide me a detailed list of funding levels for each of the NLCS units in Colorado, with subaccounts identified for activities such as law enforcement, education, and resource protection in each of the units?

*Answer.* Attached is a chart that indicates funding level by subactivity for Canyons of the Ancients National Monument and Colorado's two NCAs as well as the National Scenic and Historic Trails in Colorado. The BLM has identified an additional \$823,000 for management of wilderness and wilderness study areas in Colorado outside of these specific areas.

NATIONAL LANDSCAPE CONSERVATION SYSTEM FUNDING, FY 2008 PRESIDENT'S BUDGET, FOR UNITS IN COLORADO, BY SUBACTIVITY

[In Thousands of Dollars]

State/Unit Name	Soil, Water and Air	Range-land	Riparian	Cultural Re-sources	Wildlife	T&E Spectes	Wilderness	Recreation Re-sources	Land Realty	Law En-force-ment	Oper-ations Mainte-nance	Annual Mainte-nance	2008 Request
National Monuments and National Conservation Areas													
CO: Canyons of the Ancients NM		34		413	4		18	142	5		10	102	727
CO: Gunnison Gorge NCA	5	17	20	8		13	53	195	15	52		29	408
CO: McInnis Can-yons NCA	1	32	7	59	7	6	58	152	5			33	360
NM/NCA Total	6	83	27	480	11	19	129	489	24	52	10	164	1,495
National Scenic and Historic Trails													
CO: Continental Divide NST													0
CO: Old Spanish NHT													0
NSHT Total	0	0	0	0	0	0	0	0	0	0	0	0	0
NLCS Total	6	83	27	480	11	19	129	489	24	52	10	164	1,495

*Question 311.* With the Conservation System now nearly seven years old, and given the System's distinct mission, it seems odd that funding for the System still isn't identified clearly in the budget. Is the BLM considering creating a line item and subactivities in the budget for the Conservation System's components, and if not, why not?

Answer. The NLCS covers a wide array of activities, spanning most of the BLM's programs. The BLM is considering options for improving the tracking of budgets and accomplishments of the NLCS. These options may include further refinement of existing performance measures, establishing new measures, and the creation of one or more subactivities for FY 2009.

SUPPORT FOR NATIONAL PARKS AND NPS CENTENNIAL

*Question 312.* I am pleased to see the President has pledged additional resources to National Park Service for FY08 and has committed to significantly increasing investments in the National Park system over the coming 10 years. I look forward to hearing more of the details of the Park Service's budget plan at the upcoming hearing on this issue with Director Bomar. First, though, can you assure us that the increased funding for operations is not coming from other Park Service accounts?

Answer. Yes.

*Question 313.* I am interested in the Department's plan for formulating the Centennial Challenge. As I understand it, the Park Service will soon be assembling a list of signature projects and programs that it will support under the Centennial Challenge. How will the Park Service determine which projects it will support?

Answer. The process of selecting signature projects will be an outgrowth of the Centennial Report due to the President in May 2007, based on input gathered from the American people through listening sessions across the country. This includes soliciting input from the parks' private partners. The Secretary will present examples of proposed signature projects and programs, as well as the process for selecting these projects and programs, as part of the May report to the President as part of the Centennial Report. The list will be prepared by the Director of the National Park Service, drawing upon ideas generated through listening sessions, public engagement, and the input of Park Service professionals.

*Question 314.* Will the public have an opportunity to provide its input on how to prepare the Parks for their Centennial in 2016? Will there be public hearings that will help shape the Centennial Challenge, and, if so, will you commit to hosting at least one of those hearings in Colorado?

Answer. The public will have an opportunity to provide its input on how to prepare the Parks for the Centennial in 2016. We have set up listening sessions throughout the country, including a listening session held in Denver, Colorado, on March 21, 2007. Many individual parks are also holding listening sessions locally.

*Question 315.* Unfortunately, cuts are planned in funding for major maintenance and construction projects. When we have a maintenance backlog that is estimated at somewhere between \$4.5 and \$9.69 billion, these cuts seem short-sighted and destined to cost us more in the future. Can the Department find additional funds to increase the budget for major maintenance projects so that the National Park System can make inroads at addressing the maintenance backlog that is estimated to be up to \$9.5 billion dollars?

Answer. The FY 2008 budget request for NPS asset management—facility and road construction and maintenance—is \$978 million, \$60 million more than the FY 2007 request. Between FY 2002 and FY 2006, more than \$4.6 billion was provided to address deferred maintenance needs. Over 6,600 projects within parks have been undertaken during that time.

During the last five years, NPS has transformed its approach to managing its assets to ensure that construction and maintenance funding is directed to the agency's highest priority needs. The physical assets of the National Park System have been inventoried for the first time, including nearly 20,000 buildings; 4,200 housing units; 12,000 miles of paved and unpaved roads; more than 1,500 campgrounds and picnic areas; more than 2,300 road and trail bridges and tunnels; 1,200 water systems; 1,600 wastewater systems; 400 electrical systems; and numerous monuments, signs, amphitheaters, fortification, ruins, airfields, and other special features.

During the last 5 years, the NPS has been implementing the initial phase of an innovative asset management program focused on developing, for the first time, a comprehensive inventory and condition assessment of the system's asset base. By the end of FY 2006, NPS had performed condition assessments on 79% of its current asset inventory, enabling NPS to target funds to highest priority needs. The \$978 million asset management request for FY 2008 includes (in rounded millions):

- \$201 million—line-item construction,
- \$462 million—facility maintenance,
- \$225 million—roads (through Federal Highway program),
- \$90 million—fee receipts applied to facilities.

*Question 316.* Can you explain why there is a reduction in investment in National Heritage Area programs, when Congress recently added several new units?

Answer. Heritage Partnership Programs (National Heritage Areas) have been created by Congress to promote the conservation of natural, historic, scenic and cultural resources. In 2006, Congress authorized an additional 10 heritage areas, bringing the total number of heritage areas to 37. These areas are the management responsibility of Federal commissions, nonprofit groups or State agencies or authorities. The work of each National Heritage Area is guided by a management plan approved by the Secretary of the Interior. Participating areas realize significant benefits from this partnership strategy. These include resource conservation, community attention to quality of life issues, and help in developing a sustainable economy.

The NPS requests an increase in funding from the FY 2007 President's Budget to reflect the expansion of the program from 27 to 37 National Heritage Areas. Funding for the program is limited and there will be an emphasis on encouraging heritage areas to become self-sufficient. The budget request will initiate the management planning process for the ten new National Heritage Areas; provide increased funding and partnership opportunities for as many as 620 National Historic Properties and 16,170 National Register listings that lie within their legislated boundaries; support partnerships of National Heritage Areas with their 1,516 partners, and continue to provide educational opportunities for 857,083 participants nationwide.

YELLOWSTONE SNOWMOBILE ISSUES

*Question 317.* I want to thank the DOI for endorsing the new National Park Service Management Policies. This Committee worked hard to ensure the final version of these policies strengthened, rather than weakened, the Park Service's commitment to conservation in our National Parks. Now that these management policies are in place, we need to ensure they are implemented properly and they provide additional clarity for Park Service employees and superintendents.

Specifically, I am interested in why the DOI is spending taxpayer's money to conduct a fourth study on the Yellowstone snowmobile issue. It was my understanding that the internal recommendations from the Park Service and the Environmental Protection Agency in the last three studies were clear about how to ensure compliance with the Management Policies. Can DOI assure me that any new plan for our Parks, including the Yellowstone plan, will comply with the Management Policies which we all worked so hard on?

Answer. The NPS is managing winter use in Yellowstone and Grand Teton national parks under the auspices of a temporary plan that ends at the conclusion of this winter season (mid-March 2007). Previous plans and decisions have been set aside by the courts. In order to have a winter plan in place for the 2007-2008 winter season and beyond, the NPS needs to complete a new plan, EIS, and rulemaking by this fall. The new plan will be in full compliance with NPS Management Policies that call for both protecting park resources and providing for visitor use and enjoyment.

MONITORING OIL AND GAS LEASES

*Question 318a.* I am pleased the Department has chosen to increase the budget for inspection and monitoring of the rapid growth in energy production occurring on BLM lands. I'm not certain though that the increase in the budget is commensurate with the increase in energy production. Can you tell me how many dollars the Department received or expects to receive from energy production on public lands in FY2007 and FY2008?

Answer.

ONSHORE MINERAL RECEIPTS, FY 2007-FY 2008

[In Thousands of Dollars]

	FY07	FY08
Total Onshore Mineral Receipts .....	\$3,781,797	\$4,102,212

## OCS MINERAL RECEIPTS, FY 2007-FY 2008 \*

[In Thousands of Dollars]

	FY07	FY08
Total OCS Mineral Receipts .....	\$6,860,200	\$9,194,702

\* Includes 8(g) reductions.

*Question 318b.* Can you tell me how many personnel are going to be dedicated to the inspection and monitoring of the energy production occurring on BLM lands. Can you also tell me whether unannounced visits to drilling pads are planned?

Answer. The BLM plans to have a staffing level of 212 Full-Time Equivalent (FTE) positions dedicated to inspection and enforcement and monitoring work. Those FTEs will be comprised of Petroleum Engineering Technicians (PETs), Petroleum Accountability Technicians (PATs) and Natural Resource Specialists (NRSs). This is an increase in the inspection and enforcement staffing level of 158 FTE in 1998.

Visits to drilling pads are internally planned (as to numbers, type and priority), but are generally not announced in advance to the operators. In fact, most BLM inspection, enforcement, and monitoring visits are unannounced.

## LAND SALES TO REDUCE THE FEDERAL DEFICIT

*Question 319.* Secretary Kempthorne and I are on record discussing the sale of federal lands, and the use of the proceeds to reduce the federal deficit. This budget proposal would return at least 70% of the proceeds to the Treasury. When did the Department's philosophy on land sales not being used for deficit reduction change? What guarantees do we have that these sales are in the best interest of protecting our country's natural resources, and that sales of valuable lands are not being accelerated in an effort to reduce the federal deficit?

Answer. During the confirmation hearing last year, I stated that I would oppose land sales specifically for deficit reduction, but recognized that there were occasions in which land sales are appropriate, such as for reasons of creating more efficient management blocks of land. My position has not changed.

Under the Federal Land Policy and Management Act of 1976 (FLPMA), the Bureau of Land Management (BLM) has long had authority to sell lands, identified through the land use planning process, that are not central to achieving the BLM land management mission. FLPMA sets forth certain criteria under which public lands may be identified for disposal, such as the lands are difficult and uneconomic to manage and are not suitable to be managed by another Federal department or agency. The disposal of such lands, therefore, allows BLM to achieve a more common sense land-use pattern and reduce administrative costs for Federal programs. The Administration's proposal would seek to change the allocation of proceeds received from such sales, but would not change the long-established process or existing disposal criteria established by FLPMA.

## OIL SHALE LEASING

*Question 320.* In a response DOI submitted to me on July 1, 2005 (responses to questions submitted following the April 12, 2005, hearing on Oil Shale Development on Bureau of Land Management lands), a two-step leasing program was described in which industry first nominates parcels for RD&D projects, and DOI would conduct an environmental review of the proposals. Upon completion of the RD&D projects, and prior to the conversion of any RD&D leases to commercial leases, the Department would conduct an Environmental Impact Assessment (EIS).

It is my understanding that BLM issued in December 2006, five RD&D leases for 160-acre tracts in western Colorado. Comments were submitted by the Colorado Department of Public Health and Environment on the RD&D projects.<sup>1</sup> Can the DOI provide me assurances that the concerns raised in these comments were addressed?

Answer. In preparing the Environmental Assessments (EAs) for each of the five RD&D leases in Colorado, the BLM carefully reviewed all timely received com-

<sup>1</sup>September 15, 2006 letter to Jane Peterson from Colorado Department of Public Health and Environment on the Environmental Assessment CO-110-2006-117-EA; September 1, 2006 letter to Jane Peterson from CDPHE on the EGL Resources Inc., Environmental Assessment; and September 15, 2006 letter to Jane Peterson from CDPHE on Environmental Assessment CO-110-2006-120-EA.

ments, including the comments you specifically referenced in your question, and addressed them in the Final EAs.

*Question 321.* Will DOI be following the two-step leasing program whereby commercial leases for these tracts in Colorado will be approved only upon satisfactory completion of the RD&D projects, and the completion of an EIS?

Answer. For the 5 RD&D leases in Colorado, the BLM will follow a two-step leasing process before approving conversion of the RD&D leases to commercial leases. No RD&D lease will be converted into a commercial lease until the RD&D lessee proves the technology they are using is commercially viable (i.e., can produce salable oil in paying, commercial quantities) and the Programmatic EIS is completed.

*Question 322.* Also, Sec. 369(e) of the Energy Policy Act of 2005 states "If the Secretary finds sufficient support and interest exists in a State, the Secretary may conduct a lease sale in that State under the commercial leasing program regulations." Can the DOI describe how it will receive meaningful input from state and local governments, and members of the public in order to determine whether to hold a commercial lease sale?

Answer. The Secretary will initiate the dialogue with the State. The Department will establish a deliberative process to assure that the State's position on commercial leasing of oil shale will be factored into decisions about commercial leasing.

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM  
SENATOR DOMENICI

MINERAL ROYALTIES

*Question 323.* The Department of the Interior estimates that New Mexico will receive \$501 million in mineral royalties in FY2007 and \$542 million in FY2008. In FY2006, New Mexico royalties were \$573 million.

Do you solely attribute the projected New Mexico royalty decrease from FY2006 levels to oil and gas price decreases since FY2006? If not, what other factors have contributed to the decrease?

Answer. The figures cited above are for actual and estimated mineral revenue payments to states. A number of factors, which include OMB's estimated forecast of oil and gas prices, may contribute to the total distribution a state receives in a given year. Fiscal year estimates for payments to states are based on revenue estimates for each source type, the appropriate distribution for each land category, and the amount of total mineral receipts disbursed to that state for the prior year. Mineral receipts are derived from royalties, rents, bonuses, and other revenues, including minimum royalties, late payment interest, settlement payments, gas storage fees, estimated royalty payments, and recoupments.

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM  
SENATOR SMITH

*Question 324.* I am pleased that significant progress is being made on the Savage Rapids Dam project on the Rogue River. I appreciate the good work that the Department and the Bureau have done on this project, and I look forward to working with all of you to finish the job. In that vein, I would like to thank the Administration for including \$15,000,000 for the project in the FY08 budget request. I pledge to do all I can to make sure Congress provides this funding this year.

The Oregon-based contractor, Slayden Construction, started work last fall. Excavation for the pumping plant has begun, and I hope the Bureau of Reclamation will keep the contractor working as efficiently and quickly as possible given the deadlines established in federal court. With this in mind, please explain when and how the Bureau plans to spend the \$13,000,000 in FY07 funding for this project that was included in the budget request last year.

Answer. Reclamation plans to spend available funds on construction of the pumping plant based on the earnings schedule provided by the contractor Slayden Construction. Per their approved schedule, the contractor currently plans on being paid approximately \$11.0 million in FY 2007. Any remaining funding for the project will cover Reclamation's construction management costs and other contractual commitments to support the construction effort, including PacifiCorps' design and construction of a power takeoff structure.

*Question 325.* The Umatilla Tribes and the Westlands Irrigation District have proposed a way forward to resolve the remaining issues in the Umatilla Basin. They have recently revised a proposal put forward by the Department. These revisions are designed to provide more specificity to the project and to allow for public meetings, etc. Is the Department going to accept these reasonable revisions?

Answer. The Department has worked with the Tribes and the District to find a way forward to resolving water issues in the Umatilla Basin. In a letter from Michael Bogert, Counselor to the Secretary, dated March 19, 2007, we determined that the best process for resolving these matters is through the appointment of a Federal water rights assessment team and a concurrent appraisal-level study of water supply options that could potentially be used to help resolve the Tribes' water rights claims. Following completion of the team's assessment report, appointment of a negotiation team will be considered if the Tribes, Westland, and the State of Oregon formally request negotiations.

RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM  
SENATOR WYDEN

GULF OF MEXICO LEASES

*Question 326a.* Mr. Secretary, at last count, the Department had successfully renegotiated only a small fraction of the 1998 and 1999 Gulf of Mexico leases that failed to include price thresholds. When Mr. Allred was here, he suggested that Congress provide the Department with additional tools to get the rest of these leases corrected. The House has already proposed a legislative remedy.

What is your plan for renegotiating the rest of these leases, and when are you going to get this wrapped up?

Answer. We are continuing to actively pursue agreements with companies. The Assistant Secretary for Land and Minerals Management has adopted three basic principles to guide the Department's actions in seeking to resolve this matter. First, our focus is to negotiate price thresholds in leases prospectively; second, we will not give economic advantage to one company over another; and finally, we will strive to amend these agreements in a way that will minimize litigation risk.

*Question 326b.* Do you need additional statutory authority to renegotiate these leases or to force the companies holding these leases to renegotiate?

Answer. We have informed the Congress that we might need additional tools with respect to this issue and look forward to working with the Congress on resolving it. We must however think through any legislative action very carefully so that we minimize any unintended consequences such as potential litigation.

HEALTHY LANDS INITIATIVE

*Question 327a.* Mr. Secretary, the Department has been on a lease-now-deal-with-the-consequences-later bender. We have seen the Bureau of Land Management repeatedly criticized for its relentless push for more oil and gas drilling in Western states, either by federal judges or the Interior Board of Land Appeals. Now the Interior Department has announced a \$22 million Healthy Lands Initiative to restore lands where drilling is becoming most intensive, including some in my home state of Oregon. It's hard to tell whether this is a real effort to try to mitigate the environmental damage that's been done on public lands or litigation-defense program. This cannot be enough money to truly remediate all of the damage done to our public lands from energy development.

What is the total estimated acreage, cost or duration of the Healthy Lands Initiative for each of those areas designated for inclusion public lands in the FY 2008 budget?

Answer. In addition to the requested increase of \$15 million in BLM funding for the Healthy Lands Initiative for FY 2008, BLM will apply \$8.2 million in existing funds to this effort. The table below reflects the total estimated acreage to be treated, improved, and/or reclaimed with these funds.

2008 HEALTHY LANDS INITIATIVE

Area	Acres Planned for Treatment, Improvement and/or Reclamation			HLI	Cost Existing Funds
	BLM	Non-BLM	Total		
	Southwest Wyoming .....	33,745	1,686		
New Mexico .....	91,266	450	91,716	\$3,500,000	\$2,004,200
Utah .....	53,380	.....	53,380	\$2,000,000	\$1,000,000
SE Oregon/SW Idaho/Northern Nevada .....	23,000	3,900	26,900	\$1,900,000	\$2,467,000
Southern Idaho .....	88,300	3,460	91,760	\$1,800,000	\$1,743,000
Colorado .....	13,204	837	14,041	\$1,300,000	\$763,199

*Question 327b.* What is the total estimated acreage and cost of remediation for all lands managed by the Department requiring remediation, by land management agency, and by state if possible?

Answer. The BLM does not currently track lands that would benefit from remediation, reclamation, and restoration due to past energy development practices. Under current laws, regulations, and permits, the BLM requires oil and gas operators to plug all wells and reclaim all areas disturbed by development when wells are no longer capable of producing in paying quantities. As a result, remediation, reclamation, and restoration of the surface and downhole impacts are largely borne by the oil and gas industry.

*Question 327c.* The description of the Healthy Lands Initiative also indicates that it is focused primarily on preserving or reestablishing sage grouse habitat. Are there any other listed or candidate species that the Initiative is intended to protect, and if so, which ones?

Answer. The Healthy Lands Initiative is focused on sustaining and restoring quality habitats on a landscape basis that include a broad suite of species. Efforts undertaken through this initiative will address habitat restoration and conservation of habitats that include a variety of Federal listed and candidate species, State species of concern, and Bureau sensitive species throughout the six geographic areas. Although the overall list of species in these three categories would number more than 200, a few examples include: lesser prairie chicken, sand dune lizard, Wyoming pocket gopher, bluehead sucker, pygmy rabbit, yellow-billed cuckoo and midget faded rattlesnake.

#### LEASING IN SENSITIVE LAND AREAS

*Question 328.* Mr. Secretary, data that from the Department indicates that about two-thirds of the 36 million acres of federal land under lease for onshore oil and gas development are not in production. Indeed, the Bureau of Land Management processes Applications for Permits to Drill at a faster rate than industry spuds or completes new wells. Industry lags behind government. Yet BLM continues to issue leases on additional acreage, much of it in environmentally, historically or archeologically sensitive areas that have been proposed for wilderness designation or other protected status. Can you tell me why BLM continues to issue leases in sensitive areas when so much federal land already is under lease but not in production?

Answer. The BLM takes an interdisciplinary approach to approving Applications for Permits to Drill (APDs), which includes the work of wildlife biologists, archaeologists, hydrologists, and botanists. Wildlife biologists are required to review APDs as part of their overall wildlife responsibilities. The BLM enlists its wildlife biologists during the permitting process to help complete environmental analyses, assess potential impacts to wildlife, and develop appropriate mitigation and best management practices for minimizing impacts to wildlife. The agency then places limits on when drilling can occur and takes numerous other measures to minimize the energy "footprint" on public lands.

In addition, the President's FY2008 budget includes \$3.1 million to address inspection and environmental issues associated with energy development. These funds will be used to perform an additional 1,560 inspections to monitor the effectiveness of oil and gas lease stipulations at 272 locations.

With regard to leasing outpacing production, this timeframe is anticipated. Each oil and gas lease is effective for 10 years and contemplates that production may not occur immediately, but must occur within the lease period or any extension granted for good cause. Exploration and production companies generally have significant inventories of leased acreage that do not have oil or gas production. These leased acreage inventories are normal and necessary for a company's efficient exploration and production program. Private individuals, as well as companies, often hold leases for speculation. Changes in corporate priorities resulting in management changes also sometimes lead to a company not developing a lease.

#### BLM PRIORITIES

*Question 329.* Mr. Secretary, the Interior Department has pushed aggressively under the current Administration for the Bureau of Land Management to make oil and gas drilling on federal land its primary goal, particularly in Western states. Speaking to a House committee in 2005, BLM Director Kathleen Clarke described her agency's energy policy: "The processing of Applications for Permits to Drill and offering parcels of federal land for oil and gas leasing will be BLM's major priority." Critics inside and outside BLM say the agency's chief priority is opening more land for drilling, to the neglect of its other responsibilities. Numerous decisions by federal district judges and the Department's own Interior Board of Land Appeals have re-

versed BLM, ruling that agency managers rushed to allow drilling while ignoring other values of public land. BLM “violated the National Environmental Policy Act and abused their discretion,” a judge in Alaska ruled last year, blocking BLM plans to allow drilling in more than 400,000 acres of wetlands. BLM “arbitrarily ignored new information—information produced by the agency itself—in an effort to approve oil and gas leasing and ultimately development of these lands,” a judge in Utah ruled last year, reversing BLM’s sale of 16 leases in federally recognized wilderness. How does this aggressive push to drill, above and beyond other considerations, not violate BLM’s multiple-use management mandate, which is supposed to give environmental stewardship over our public lands just as much weight as energy production?

Answer. BLM recognizes its multiple-use mandate. The FY 2008 President’s Budget request includes an increase of \$3.1 million to support increased oil and gas inspections and monitoring to better ensure that oil and gas operations are conducted in an environmentally-sensitive manner and that leasing permit terms are enforced. This increase is necessary so that the BLM’s oversight capabilities can match the pace of industry’s on-the-ground operations.

The BLM’s land use planning process also seeks to ensure that oil and gas development on public lands is done in a way that protects the environment. For example, the BLM recently issued an innovative Resource Management Plan (RMP) for limited, environmentally-sensitive oil and gas development on public lands in Otero and Sierra Counties in New Mexico. It is one of the most restrictive plans ever developed for oil and gas leasing on Federal lands. The plan will allow strictly regulated and carefully monitored activity, leading to a maximum surface disturbance of only 1,589 acres from well pads, roads and pipelines—less than one-tenth of one percent of the total surface area of 2 million acres. At most, there will be 141 exploratory wells drilled, resulting in up to 84 producing wells. Almost 36,000 acres of grasslands with the highest potential as habitat for the endangered Aplomado falcon will be closed to leasing and permanently protected. In addition, leasing will not be allowed in six existing and eight proposed Areas of Critical Environmental Concern and four Wilderness Study Areas—bringing the total number of protected acres to 124,000.

#### BLM INSTRUCTION MEMORANDA

*Question 330a.* BLM Headquarters has showered field offices with Instruction Memos ordering them to change their permit processing procedures to allow more drilling (7/28/03 and 2/23/04); to issue permits to drill even as resource-management plans are being drawn up that might produce a reason to prohibit drilling in sensitive areas (8/3/01); to put drilling projects on the fast track for approval (2/4/02); to offer more generous waivers for land-use restrictions to facilitate drilling (7/28/03); and to require BLM employees to justify in writing any act that could adversely impact drilling and submit that justification, with an explanation of the lost drilling opportunity and their signature, to their state BLM directors, who then forward the justification to BLM headquarters in Washington (12/12/01).

Please explain how are these specific Instructions are consistent with BLM’s multiple-use mandates and the obligation of its employees to carry out those mandates.

Answer. Directives within BLM (including Instruction Memoranda) are written under a tiered hierarchy, as are resource management plans. Directives support Federal regulations and BLM’s multiple-use mandate as provided through the Federal Land Policy and Management Act (FLPMA). Directives may provide more specific, local guidance, but never contradict higher authority. Resource Management Plans also tier to all pertinent Federal regulations, including FLPMA. BLM employees at all levels are responsible for carrying out their day-to-day responsibilities in accordance with applicable directives, regulations, and statutes.

*Question 330b.* Referring to the Instruction Memo of 12/12/01, which requires BLM employees to justify in writing any act that could adversely impact drilling, please tell me how many Statements of Adverse Energy Impact have been filed since 12/12/01, and from which field offices? In how many of those instances has the originally planned action (as stated in the “Description of Action/Decision” section of the Statement) been changed or stopped?

Answer. The Instruction Memorandum to which you refer expired on September 30, 2003, was not renewed, and Statements of Adverse Energy Impact (SAEI’s) are no longer prepared or used by the BLM. The SAEI’s were “post-decisional” documents, which means they were never intended to be used to change decisions regarding resource use or development; they did not direct managers to make a particular decision or assure a certain outcome.

A basic purpose for preparing SAEI's was to document decisions that adversely impacted development of energy resources and to explain the rationale why energy production and transmission could not coexist under Federal Land Policy and Management Act (FLPMA) multiple-use principles. Although the BLM did not keep files to track the SAEI's, we estimate that fewer than 100 SAEI's were prepared Bureau-wide. The BLM did not track them by field office.

*Question 330c.* How is compliance with the Instruction Memoranda—such as denial of energy projects, withdrawals, road closures, historic trails designations, scenic buffers, no-leasing zones, no surface occupancy and denial of access to mineral materials and the requirement to submit Statements of Adverse Energy Impact, factored into the performance reviews of BLM personnel? Are such Statements of Adverse Energy Impact entered or recorded in the employee's personnel file?

Answer. Compliance with particular Instruction Memoranda is not a rating criteria included in the BLM's employee performance appraisal process. As noted in the prior answer, the IM regarding Statements of Adverse Energy Impact is no longer in effect, and such statements are no longer prepared. Nonetheless, it has not been, nor is it now, the BLM policy to keep a record of Statements of Adverse Energy Impact in employee personnel files.

#### FRIMA

*Question 331.* As you may remember from your years as Governor of Idaho, Congress established a program in 2000 to help local irrigation districts install fish screens and diversions to prevent fish from entering these systems—the Fisheries Restoration and Irrigation Mitigation Act of 2000, P.L. 106-502. The Fish and Wildlife Service even has a quote from you, as governor, endorsing this program in their report on the program's accomplishments, "(t)he FRIMA program serves as an excellent example of government and private land owners working together to promote conservation. The screening of irrigation diversions plays a key role in Idaho's efforts to restore salmon populations while protecting rural economies." Millions of dollars are spent in the Northwest to restore fish runs and this is one small way to protect that investment. Unfortunately, the Department has never requested a single dollar to fund this program. Congress has appropriated some \$12 million and we have a number of successful programs, but not because the Administration asked for those funds.

Given FRIMA's track-record of successful projects, why doesn't the Department's U.S. Fish and Wildlife Service request funding for the program?

Why doesn't the Department support allowing the Bonneville Power Administration to contribute funding to FRIMA projects?

What is the Department's position on legislative reauthorization of FRIMA?

Answer. Last September, in the 109th Congress, the Department submitted a statement for the record at a hearing on reauthorization of FRIMA that supported the program's principles, as they promote sustainable agriculture and sustainable fisheries and work toward restoring depleted, native fish stocks. I am pleased to say that the President's FY 2008 budget provides increases in the FWS's accounts that carry out much of this work. For example, the fish passage program was increased \$6.0 million, allowing FWS to participate in the Open Rivers Initiative, which will work to remove small, obsolete dams that are a barrier to fish movement. Another \$2.3 million increase will support implementation of the National Fish Habitat Action Plan, which fosters geographically-focused, locally driven, and scientifically based partnerships that will work together to protect, restore, and enhance aquatic habitats and reverse the decline of fish and aquatic species. Regarding the use of Bonneville Power Administration funds, the Department supports the use of Bonneville funding to projects that support these principles. There have been questions as to whether Bonneville's ratepayer funds should be used as the non-federal match in this program or whether doing so could result in less leveraging of limited federal funding, result in fewer funds being spent on these types of activities, and possibly slow efforts to restore salmon populations.

#### WATER RESOURCES RESEARCH INSTITUTES

*Question 332.* Section 104 of the Water Resources Act of 1984, as amended, established a system of State Water Resources Research Institutes at land grant colleges and universities through a matching grant program funded by the U.S. Geological Survey. There are currently 54 such institutes, one for each state, the District of Columbia and U.S. territories at a cost to U.S.G.S. of roughly \$6.4 million per year. The program provides valuable, state-specific applied research on water resources issues as well as education and training opportunities. The USGS grants are highly leveraged with more non-USGS dollars supplementing every USGS grant dollar. In

a extreme example of the old adage of “no good deed goes unpunished,” the Administration is now arguing that because the program is so successful, it is no longer deserving of Federal support and for the second year in a row, the Administration has proposed to terminate the Water Resources Institutes program outright. Again, as a former governor whose state benefited directly from this program, please explain why this important research partnership should be terminated.

Answer. The limited amount of funding available for all programs requires the Department to make difficult decisions about priorities. The State Water Resources Research Institutes have been highly successful in leveraging the USGS grants under the Water Resources Research Act Program with other Federal and non-Federal funding. Due to the successful partnerships that the Institutes have been able to make with others, the Department anticipates that the majority of these Institutes will be able to continue operations without Federal grant funding.

#### SAVAGE RAPIDS DAM REMOVAL

*Question 333.* I am pleased that progress is being made on the Savage Rapids Dam project on the Rogue River. Excavation for the pumping plant has begun, and I hope the Bureau of Reclamation will keep the contractor working as efficiently and quickly as possible given the deadlines established in federal court. The President’s budget included \$13 million in FY 07 for this purpose, although a specific appropriation for the Savage Rapids Dam was not enacted. With this in mind, please explain how much money the Bureau will actually spend on the project in FY 07.

Answer. Reclamation plans to spend available funds on construction of the pumping plant based on the earnings schedule provided by the contractor Slayden Construction. Per their approved schedule, the contractor currently plans on being paid approximately \$11.0 million in FY 2007. Any remaining funding for the project will cover Reclamation’s construction management costs and other contractual commitments to support the construction effort, including PacifiCorps’ design and construction of a power takeoff structure.

#### PILT/COUNTY PAYMENTS

*Question 334.* The Administration’s budget proposal includes an 18% cut to PILT and huge cuts and phase out of Forest County Safety Net. As discussed during the hearing, it does not appear that Interior or OMB did any analysis of what will happen to the public lands counties in this and the next few fiscal years as a result of these cuts. Because of the enormous importance of these payments to local governments throughout the country, please provide an analysis of the impact the proposed reductions will have on the level of funding the counties can expect given the current PILT formula.

Answer. We appreciate the importance of PILT payments to local governments across the county. However, because of the complexity of the PILT formula we do not have the data necessary to perform an analysis of this magnitude.

#### RESPONSES OF THE DEPARTMENT OF THE INTERIOR TO QUESTIONS FROM SENATOR CANTWELL

*Question 335.* Secretary Kempthorne, the President’s Department of the Interior budget proposal for 2008 has once again proposed to end federal support for local and state public parks and recreation by terminating the Land and Water Conservation Fund (LWCF) state assistance program. I believe the LWCF is one of this country’s most important conservation laws and sources of funding for habitat and open space protection and that federal land acquisition can protect our existing public lands from the rapid pace of development and to protect habitat of endangered species, providing a relief valve for private lands. What impact will zeroing out state-side LWCF have in ongoing local acquisition efforts? Please provide a list of lands in Washington state that have utilized the stateside LWCF program since its inception. Do you know of any current proposals in Washington state that would be affected by the elimination of this program?

Answer. It is unclear how changes in LWCF state grants affect local acquisition efforts, since State and local governments have alternative sources of funding. A complete list of lands that have utilized LWCF grant assistance in Washington since its inception in 1965 is not available. A list of the more than 550 projects that have been approved for funding in Washington since 1965 can be provided upon request. The following is a partial list of current proposals that potentially would be affected, subject to final selections at the State level, if the program is eliminated.

Sponsor	Project Name	LWCF Request
Evergeen Rotary Park Expansion .....	Bremerton Parks & Rec Dept.	\$100,000.00
Boeing Creek Park Renovation .....	Shoreline City of .....	\$500,000.00
Wanapum Recreation Area Expansion .....	State Parks .....	\$500,000.00
Columbia Hills State Park Improvements ....	State Parks .....	\$500,000.00
Roger Malfait Community Park .....	Skamania Co Comm Events & Rec.	\$108,000.00
Cedar Grove Park Development—Phase II ...	Bothell City of .....	\$268,000.00
Upper Woodway Reserve .....	Woodway Town of ...	\$218,500.00
Strawberry Athletic Fields .....	Poulsbo City of .....	\$201,306.00
West Hill Park .....	Pacific City of .....	\$137,680.00
Redmond Spur Trail .....	King County .....	\$132,704.00
Discovery Park Capehart inholding acquisition.	City of Seattle .....	\$500,000.00

*Question 336.* The National Park Service budget proposes only a single acquisition in its FY 2008 budget. Please provide the Park Service's priority list for projects that were not chosen for inclusion in the President's budget request.

Answer. In FY 2008 the NPS is requesting \$5,000,000 for Flight 93 National Memorial and \$4,000,000 for Civil War Battlefield Preservation Grants. There are currently over 11,600 acquisition projects in the National Park Service portfolio which may be considered for prioritization. The FY 2008 land acquisition priority list began with national consideration of 240 projects which represented the highest regional priorities for completion. Items on the list below (the top 60 of 240), were prioritized during the FY 2008 budget formulation process. The top 11 priorities on the list and the \$4 million for civil war battlefields have been funded in the FY 2007 operating plan.

The priority projects are as follows:

Priority	Project	Cost	Tracts	Acres
1	Flight 93 NM .....	\$5,000,000	20	1,556
2	Petrified Forest NP .....	135,000	N/A	N/A
3	Lewis and Clark NHP .....	2,500,000	1	200
4	Big Thicket NPres .....	2,000,000	10	1,037
5	Cape Cod NS .....	2,000,000	1	19
6	Acadia NP .....	900,000	1	69
7	Gauley River NRA .....	550,000	3	178
8	Great Smoky Mountains NP .....	250,000	( <sup>1</sup> )	( <sup>1</sup> )
9	Cuyahoga Valley NP .....	300,000	2	2
10	Cumberland Gap NHP .....	900,000	1	948
11	Chickamauga & Chattanooga NMP	1,000,000	1	79
12	Mt. Rainier NP .....	3,700,000	5	622
13	Carter G. Woodson Home NHS .....	900,000	1	0.02
14	Golden Gate NRA .....	3,100,000	1	815
15	Cape Cod NS .....	3,000,000	1	8
16	Prince William Forest Park .....	325,000	1	7.85
17	Ebey's Landing NHR .....	500,000	1	39
18	Acadia NP .....	1,600,000	2	40
19	Petrified Forest NP .....	2,750,000	150	10,000
20	Wrangell-St. Elias NP&P .....	1,500,000	10	20
21	Guilford Courthouse NMP .....	710,000	4	2
22	Grand Teton NP .....	7,300,000	1	35
23*	Virgin Islands NP .....	1,600,000	1	36
24	Klondike Gold Rush NHP .....	600,000	3	0.49
25	Wilson's Creek NB .....	1,600,000	2	82
26	Cumberland Gap NHP .....	1,900,000	1	1,897
27	Blue Ridge Parkway .....	660,000	4	137
28	Guilford Courthouse NMP .....	750,000	3	5
29	Harry S Truman NHS .....	1,000,000	2	5
30	Acadia NP .....	1,000,000	1	138
31	Blue Ridge Parkway .....	1,520,000	7	110
32	Gettysburg NMP .....	1,225,000	1	80
33	Mojave NPres .....	1,000,000	8	846
34	Mt. Rainier NP .....	2,150,000	1	155

Priority	Project	Cost	Tracts	Acres
35	Big Thicket NP	6,000,000	39	5,787
36*	Prince William Forest Park	6,000,000	1	162
37	Cape Cod NS	1,100,000	1	11
38	Manassas NBP	1,800,000	3	9
39	Home of FDR NHS	2,200,000	1	334
40	Chickamauga & Chattanooga NMP	3,000,000	1	140
41	Niobrara NSR	400,000	1	20
42	Wind Cave NP	6,700,000	1	5,555
43	Ft. Smith NHS	350,000	4	3
44	Alaska Region Administrative Sites	1,500,000	4	12
45	Point Reyes NS	1,500,000	6	42
46	Shenandoah Valley Battlefield NHD	2,000,000	6	200
47	Mojave NP	1,000,000	90	2,400
48	Natchez NHP	600,000	5	6
49	Olympic NP	1,550,000	2	3
50	Santa Monica Mtns. NRA	3,000,000	3	277
51	Wilson's Creek NB	875,000	2	65
52	Nez Perce NHP	445,000	3	480
53*	Fredericksburg & Spotsylvania NMP	1,900,000	1	79
54	Virgin Islands NP	3,000,000	5	24
55	Obed Wild & Scenic River	500,000	5	152
56	Olympic NP	2,000,000	4	4
57	Santa Monica Mtns. NRA	6,000,000	6	244
58	Ebey's Landing NHR	2,000,000	10	200
59	Timucuan EHP	9,130,000	9	263
60	Grand Teton NP	7,700,000	1	35
<b>TOTAL</b>	<b>129,175,000</b>	<b>413</b>	<b>29,923</b>	

\*Note.—As project dollars would increase, additional resources are needed in Acquisition Administration to obligate the funds and complete acquisition projects. Approximately \$1 million Acquisition Administration funds, on top of the FY 2008 request, for each additional \$25-\$30 million of project funds.

<sup>1</sup>Not applicable.

*Question 337.* Secretary Kempthorne the President's proposed Department of Interior budget for 2008 proposes cutting more than \$5.65 million from the Federal Land budget in new budget authority. Despite the fact that the President's FY 2007 budget request included no funds for the Lewis and Clark National Historic Park, I understand that the National Park Service has identified this park among its top three priorities nation wide. How much does this budget allocate to land acquisition for the Lewis and Clark NHP? Please explain how this budget is consistent with NPS stated priority of securing land for the Lewis and Clark NHP.

Answer. In 2004, Congress established the Lewis and Clark National Historical Park, an Administration proposal, as an expansion of Fort Clatsop National Memorial in Oregon. The new park includes three sites in Washington State. Since 2004, the National Park Service (NPS) has been working to acquire land to complete the park. Through extensive partnerships with federal, state, and local agencies, private businesses and private philanthropy, visitor facilities are being developed in the expanded park.

Since FY 2002, \$7.122 million in federal land acquisition funds have been made available. With these funds 1,413 acres have been purchased or are under contract. An additional 1,200 acres at Cape Disappointment in Washington are in the process of being transferred from the Army Corps of Engineers and Bureau of Land Management to NPS jurisdiction. In addition, the State of Oregon has spent approximately \$1 million to acquire approximately 160 acres within the park boundary and for the park's Fort To Sea Trail and the State of Washington is spending approximately \$5.5 million to purchase land and construct a 14 acre park at the Station Camp unit of the park (where the Lewis and Clark Expedition completed their westward journey). Once the project is completed, the State will donate the park to the NPS to manage.

In addition to the new lands and facilities in Washington, the park, with its partners have completed the new 6.5 mile Fort To Sea Trail and associated trailheads, a 1 mile Netul River trail and a new day use area at Netul Landing.

The 2007 NPS operating plan includes \$2,500,000 for the Lewis and Clark National Historical Park to acquire an easement on 200 acres to protect the viewshed at Station Camp.

*Question 338.* Secretary Kempthorne, as you know, the Pacific Northwest is home to some of the nation's most spectacular parks, Mount Rainier, Olympic, the North Cascades, Crater Lake and Oregon Caves. However, there are areas outside the system that are just as deserving of park protection. Currently, bills to create new parks such as the Ice Age Floods National Geologic Trail, the Bainbridge Island Japanese Internment Memorial and the Columbia Heritage Area. All enjoy broad bipartisan Congressional and community support and would benefit the NW's environment and economy. What is the administration's current position on these bills? Besides the three bills currently working there way through Congress, do you believe there are other areas in the Washington and Oregon worthy of inclusion in the system, and if so please describe them?

Answer. During the 109th Congress, the Department testified in opposition to H.R. 383, a bill to designate the Ice Age Floods National Geologic Trail. The Department opposed establishing the geologic trail, a new program, urging instead that the NPS increase the interpretation of the Ice Age Floods based at Lake Roosevelt National Recreation Area.

The Department testified during the 109th Congress in support of H.R. 5817, a bill to authorize the addition of the Nidoto Nai Yoni Memorial located on Bainbridge Island, Washington to the boundary of the Minidoka Internment National Monument located in the State of Idaho. H.R. 5817 would have implemented the recommendation of the study that the NPS conducted in accordance with Public Law 107-363, the Bainbridge Island Japanese Memorial Study Act of 2002.

The Department also testified during the 109th Congress in support of H.R. 5485, a bill to authorize the Secretary of the Interior to conduct a study to determine the feasibility of establishing the Columbia-Pacific National Heritage Area in the states of Washington and Oregon. The study would cover four counties close to the confluence of the Columbia River and the Pacific Oceans where there is a wealth of cultural, natural, and scenic resources as well as strong, broad-based local support for protecting and promoting these resources. In addition, the study requirements specified in H.R. 5485 were consistent with the criteria for National Heritage Area studies that are included in the Administration legislative proposal for a National Heritage Area program that was transmitted to Congress.

The Department does not recommend areas to be included in the National Park system until a special resource study has been completed.

*Question 339.* Secretary Kempthorne, parks such as Mount Rainier, Olympic and the North Cascades are critical to Washington's environment, economy and way of life. As you are well aware, these parks were hammered by recent winter storms. The Park Service's repair estimate is roughly \$50 million. It seems large floods are becoming more common. In the past ten years at the North Cascades alone, the Stehekin River had ten floods that exceeded 10,000 cubic/feet/second. This is compared to only three floods of this magnitude between 1976 to 1986. Our most recent November floods had flow rates of more than 19,000 cfs. The third largest flood of record. Normal flow rates during this time are roughly 500 cfs. Does the Department of Interior have a theory as to why we are seeing more floods?

Answer. This question suggests that the increased incidence of flooding could be related to global climate change. This possibility cannot be ruled out but we have not analyzed the data in order to reach a scientific conclusion regarding the causes of the floods described. At any spot on the globe, the climate is affected by local, regional, and global-scale influences. Thus, the significance of changes observed at any location depends on how large an area the site is able to represent for a specific climate change measurement. Sites located in regions of complex terrain (mountains, coastal zones) tend to have very large local climate effects and relatively short "correlation lengths" (e.g. changes in San Francisco may not correlate with changes only 50 km inland). It is very difficult to make inferences about global-scale climate change with data from a single site in such areas for most climate change measurements. However, an understanding of the local climate system does enable one to say whether the local changes are at least consistent with regional and global-scale climate changes.