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THE FUTURE OF U.S. OIL AND NATURAL GAS DEVELOPMENT ON FEDERAL LANDS AND WATERS

OVERSIGHT HEARING

BEFORE THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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OVERSIGHT HEARING ENTITLED "THE FUTURE OF U.S. OIL AND NATURAL GAS DEVELOPMENT ON FEDERAL LANDS AND WATERS."

Wednesday, November 16, 2011
U.S. House of Representatives
Committee on Natural Resources
Washington, D.C.

The Committee met, pursuant to call, at 10:00 a.m. in Room 1324, Longworth House Office Building, Hon. Doc Hastings [Chairman of the Committee] presiding.

Present: Representatives Hastings, Young, Gohmert, Bishop, Lamborn, Wittman, Broun, Fleming, Coffman, McClintock, Thompson, Rivera, Tipton, Gosar, Labrador, Noem, Southerland, Flores, Landry, Johnson, Amodei, Markey, Napolitano, Holt, Sarbanes, and Tsongas.

The CHAIRMAN. The Committee will come to order. The Chairman notes the presence of a quorum, which under Committee Rule 3[e] is two Members, and we have greatly exceeded that.

The Committee on Natural Resources is meeting today to hear testimony on an oversight hearing on The Future of U.S. Oil and Natural Gas Development on Federal Lands and Waters.

Under Committee Rule 4[f], opening statements are limited to the Chairman and the Ranking Member of the Committee. However, I ask unanimous consent that any Members that wish to have an opening statement inserted in the record do so by the close of business today, and without objection, so ordered.

I will now recognize myself for five minutes for my opening statement.

STATEMENT OF HON. DOC HASTINGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

The CHAIRMAN. I appreciate very much, Mr. Secretary, your being here to talk about the future of oil and natural gas production on Federal lands and Federal waters.

As this committee has regularly pointed out, U.S. energy production is vital to creating jobs, strengthening our national security and generating new Federal revenue. That is why it is important to not only remove government hurdles standing in the way of increased energy production but to explore new opportunities and new areas for energy production.

There are two specific topics that I hope to focus on today: the Interior Department's potential regulation of hydraulic fracturing on Federal lands and the Administration's new draft five-year offshore leasing plan that was unveiled last week.

For the record, I asked the Secretary to testify before our committee prior to the Interior Department issuing any new regula-

tions or requirements regarding fracturing, and I am very pleased again that the Secretary is here at my request. At least according to news reports, I understand that those new regulations and requirements will come out at any time, and we will pursue that later.

It is the responsibility of this committee to carefully examine this issue and to ensure that any action taken by the Administration is within the law and takes into consideration the impacts on jobs, local communities, states, the revenue and of course our economy.

Hydraulic fracturing is necessary to extract natural gas and oil from unconventional shale resources. It has been effectively regulated by states for over 60 years, and the process today is responsible for 30 percent of our domestic oil and natural gas production.

Given that President Obama has identified natural gas usage as an area in which he wants to seek bipartisan cooperation, it is concerning that the potential onerous regulations could drastically curtail that cooperation and impede its development and usage, but that is why we are having this hearing today to explore that. Another proposal we will closely examine is the Administration's draft five-year leasing plan for the OCS.

Let me start by reminding everybody that in 2008, both Congress and President Obama lifted a decades long ban on new offshore drilling. This created new opportunities off the Atlantic and Pacific coasts for energy production, for job creation and of course for new revenues for the Federal Government. Unfortunately, these opportunities have been missed I believe by this Administration. They have ignored the bipartisan will of both Congress and the American people to allow for new drilling off our coasts.

The Administration's draft plan only allows lease sales to occur in areas that were previously open, and it indefinitely delays the Virginia lease sale scheduled to take place next year. I am sure we will hear about that in the hearing. With this, the President has effectively put the moratorium back in place, which left in 2008.

It should also be noted that this plan is approximately two years late. The plan was supposed to be for the 2010-2015 timeframe with new lease sales starting in 2011. The Administration punted the plan for six months and eventually ended up delaying it for a couple years. Despite this two-year delay, there are no new areas offered in the draft plan. The Administration took an extra two years to then offer less than what was originally proposed.

In contrast, the House has passed three bipartisan bills that will create over a million new jobs by providing access to our own U.S. energy and opening up new offshore areas for drilling that contain the most oil and natural gas resources. We will likely hear today that the U.S. oil and natural gas production is at an all time high, yet that is true only because of the actions and policies of past Administrations, both Republican and Democrat Administrations, that allowed for the leasing and production of our energy resources on public lands, and of course we cannot ignore the significant oil boom on private and state lands in North Dakota.

We will not be able to continue to meet our country's energy and economic needs if restrictive policies are imposed that lock up our energy resources and keep us at the mercy of foreign sources with our energy needs. Once again, that is one of the subjects that we

want to explore for this hearing is to look at what we can do on our public lands.

And with that, I yield back my time and recognize the gentleman from Massachusetts, Mr. Markey.

STATEMENT OF HON. EDWARD MARKEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

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

Mr. Secretary, it is a pleasure to welcome you back to the Natural Resources Committee.

Last week you released a five-year plan for domestic offshore oil and gas drilling, and I was very pleased that the plan protects the East Coast and especially New England from offshore drilling for at least the next five years.

The BP oil spill in the Gulf has many on the East Coast renewing their opposition to drilling. However, I am concerned that the plan does include new lease sales off of Alaska even though the oil industry has not effectively proven that they can respond to a spill in the icy, harsh conditions offshore in the Arctic.

One example of the threats faced in Alaskan waters occurred just last weekend as much of Alaska was thrashed with a superstorm that produced 40-foot waves and 100-mile-per-hour winds. Now, while the Administration has delayed those Arctic lease sales until 2015, I will continue to monitor the progress the industry makes in developing its response capabilities and ensure that the Interior Department is holding the industry to the highest safety standards in this sensitive area.

But all in all, this new five-year plan means that more than 75 percent of all offshore oil and gas resources in the United States will be made available to oil and gas companies, yet the Republican Majority continues to claim that the Administration is locking up our resources. In reality, domestic oil production is at its highest level in nearly a decade. Offshore oil production is higher than it was during the final years of the Bush Administration, and natural gas production is at an all-time high.

The great irony is that it is the Republican Majority that is blocking access to the real resources American people need right now, additional revenue to reduce our budget deficit. It is the Republican Majority that is protecting the billions of dollars we could retrieve from making oil and gas companies pay their fair share for drilling on our public lands.

It is the Republican Majority that has opposed Democratic efforts to close free drilling loopholes and unnecessary tax breaks, and it is the Republican Majority that has consistently voted against reforming the 1872 mining law to require mining companies to pay a royalty to mine for gold and uranium or other minerals on the public lands of the American people.

By protecting oil companies and preventing the government from collecting the revenue it is rightfully owed for the exploitation of our public resources, the Republicans are making our debt negotiations look a lot worse than the NBA lockout.

Later this week the Energy and Minerals Subcommittee will hold a hearing on several Republican bills that would give away more public lands, including the Arctic National Wildlife Refuge, to pay

for a transportation bill. Those bills won't even come close to paying for the maintenance of our roads and our bridges, but they will grease the skids for the oil companies to continue making record profits.

This scheme is both short on funds and it is a bridge too far, but that is not stopping them from trying to use funding for our transportation projects as an excuse for railroad giveaways to those interests in Congress. Enough is enough. Rather than balancing our budget on the backs of seniors and millions of Americans who are struggling, we should be ensuring that oil companies are paying their fair share.

And that is why I am introducing legislation today that will end the free ride for oil and gas and mining companies on public land. The legislation would reduce the deficit by nearly $19 billion over the next 10 years just by ending taxpayer-funded giveaways for those companies. Rather than complaining about a five-year drilling plan that opens up more areas than oil companies could ever drill in that time, we believe that the Majority should join with the Democrats in creating the 10-year plan we need to reduce the deficit and pay down our debt.

I look forward to hearing from you, Mr. Secretary, and I yield back the balance of my time.

[The prepared statement of Mr. Markey follows:]

Statement of The Honorable Edward J. Markey, Ranking Member, Committee on Natural Resources

Thank you.

Mr. Secretary, it is a pleasure to welcome you back to the Natural Resources Committee.

Last week, the Interior Department released a new five year plan for domestic offshore oil and gas drilling.

I am pleased that the plan protects the East Coast, and especially New England, from offshore drilling for at least the next five years. The BP oil spill in the Gulf has many on the East Coast renewing their opposition to drilling.

However, I am concerned that the plan does include new lease sales off of Alaska, even though the oil industry hasn't effectively proven that they can respond to a spill in the icy, harsh conditions offshore in the Arctic. As one example of the threats faced in Alaskan waters, just last weekend much of Alaska was thrashed with a super storm that produced 40 foot waves and 100 mile per hour winds.

While the Administration has delayed those Arctic lease sales until 2015, I will continue to monitor the progress the industry makes in developing its response capabilities, and ensure that the Interior Department is holding the industry to the highest safety standards in this sensitive area.

But all in all, this new five-year plan means that more than 75 percent of all the offshore oil and gas resources in the United States will be made available to oil and gas companies.

Yet, the Republican Majority continues to claim that the Administration is locking up our resources.

In reality, domestic oil production is at its highest level in nearly a decade. Offshore oil production is higher than it was during the final years of the Bush Administration. And natural gas production is at an all time high.

The great irony is that it is the Republican Majority that is blocking access to the real resources the American people need right now: additional revenue to reduce our budget deficit.

It is the Republican Majority that is protecting the billions of dollars we could retrieve from making oil and gas companies pay their fair share for drilling on our public lands. It is the Republican Majority that has opposed Democratic efforts to close free drilling loopholes, and end unnecessary tax breaks. It is the Republican Majority that has consistently voted against reforming the 1872 Mining Law to require mining companies to pay a royalty to mine for gold, uranium, or other minerals on public lands.

By protecting oil companies and preventing the government from collecting the revenue it is rightfully owed for the exploitation of our public resources, Congressional Republicans are making our debt negotiations look worse than the NBA lockout.

Later this week, the Energy and Minerals Subcommittee will hold a hearing on several Republican bills that would give away more public lands, including the Arctic National Wildlife Refuge, to pay for a transportation bill. Those bills won't even come close to paying for the maintenance of our roads and bridges, but they will grease the skids for the oil companies to continue making record profits. This Republican scheme is both short on funds and a bridge too far.

But that is not stopping the Republican Majority from trying to use funding our transportation projects as an excuse to railroad giveaways to special interests through the Congress.

Enough is enough. Rather than balancing our budget on the backs of our seniors and millions of Americans who are struggling, we should be ensuring that oil companies are paying their fair share. That is why I am introducing legislation today that will end the free ride for oil, gas and mining companies on public land. My legislation would reduce the deficit by nearly $19 billion over the next 10 years just by ending taxpayer-funded giveaways for these companies.

Rather than complaining about a five year drilling plan that opens up more areas than oil companies could ever drill in that time, the Republican Majority should join Democrats in creating the ten year plan we need to reduce our deficit and pay down our debt.

I look forward to hearing from the Secretary, and yield back.

The CHAIRMAN. I thank the gentleman for his opening statement, and once again I want to thank very much Secretary of the Interior Salazar for being here.

You know the rules. We talked a little bit and you want to divide your time with your opening statement, and we certainly want to do that. So, Mr. Secretary, I will recognize you for your opening statement and for Mr. Abbey and Mr. Beaudreau. You are recognized.

STATEMENT OF HON. KEN SALAZAR, SECRETARY, U.S. DEPARTMENT OF THE INTERIOR; ACCOMPANIED BY HON. BOB ABBEY, DIRECTOR, BUREAU OF LAND MANAGEMENT, AND TOMMY BEAUDREAU, DIRECTOR, BUREAU OF OCEAN ENERGY MANAGEMENT

Secretary SALAZAR. Thank you very much, Chairman Hastings and Ranking Member Markey and Members of this committee. I am honored to appear before you today to engage in a dialogue about the nation's energy future.

I am joined here at the table by Bob Abbey, who is the Director of the Bureau of Land Management, which oversees 700 million mineral acres and about 250 million surface acres, and by Tommy Beaudreau, who is the Director of the Bureau of Ocean Energy Management, who oversees America's oceans and energy production in America's oceans.

The President's plan with respect to energy has been in place for some time, since the beginning of our Administration, and we have a simple goal as he has often articulated, and that is to secure the energy future of the United States of America. His goal and our goal in the Administration is to power the U.S. economy and to reduce our dependence on foreign oil.

The policy underpinnings of our goal are policy underpinnings which have been debated for a long time, but frankly the goals have eluded the American country, and the American nation, for a long time to come. Those policy underpinnings are the economic se-

curity of this country, the national security of the United States and its environmental security.

The question then is how do we get there and what is it that we are trying to do to get us to achieve those goals and those policy imperatives? We believe in a broad energy portfolio. It is a broad energy portfolio that does include oil and gas production. It includes alternative energy, such as renewable energy, solar, wind, geothermal. It also includes a new chapter on nuclear energy.

We also believe that we cannot just produce our way to energy independence in our country, but we also have to use less, and as a consequence of that, the fuel efficiency programs that we have put into place are delivering record-breaking efficiency programs with respect to transportation fuels.

Oil and gas has been a key part of the Obama Administration from the beginning. We are walking the walk, and the statistics prove it. We have produced in 2010 the highest production since 2003 of oil on public lands. The Outer Continental Shelf has increased in production one-third from 2008 until 2010, and onshore oil we have seen a 5 percent increase on public lands over the last two years.

The future production on public lands is something which we support. We have moved forward with onshore leasing across the country. In 2010, 33 lease sales and 3.2 million acres; 2011, 32 lease sales; 2012, 33 are scheduled as well. On the offshore, we have offered 37 million acres. We have three more lease areas that we will be putting on the market under the current plan between now and the spring, and then in the 2012 to 2017 plan, there are 15 lease sales in that plan.

The results are that we are producing more and we are using less, and we have gotten to the point where for the first time in recent history we are importing less than 50 percent of our oil from foreign countries.

Tommy Beaudreau will speak to the offshore OCS plan for just a couple of minutes and Bob Abbey will speak to natural gas infracting for just a couple of minutes, but I want to make just a comment on the offshore OCS. The plan that we put forward last year or last week, in my view, is a plan that focuses on the known reserves and the known resources where we have the infrastructure to produce oil and gas in America's oceans, and it also looks to frontier areas, including the frontier areas in Alaska.

On the natural gas effort, it is, as you said, Chairman Hastings, an area where there can be bipartisan work because our policy goal is to support natural gas usage here in this country. But I have the view that the issue of fracking is the Achilles' heel for our natural gas industry unless we can move forward with a program that does disclose the chemicals that are being injected into the underground. We are developing a rule and are taking input from lots of different places to make sure that it is a rule that does not push back on the bright future for natural gas.

And with that, what I would like to do is to turn it over to Director Abbey for a few comments on what we have been doing on fracking.

[The prepared statement of Secretary Salazar follows:]

Statement of The Honorable Ken Salazar,
Secretary, U.S. Department of the Interior

Chairman Hastings, Ranking Member Markey, and Members of the Committee, I am pleased to appear before you today to discuss important components of our domestic energy future: the Proposed Outer Continental Shelf Oil and Gas Leasing Program for 2012–2017; and hydraulic fracturing and the Department of the Interior's role in facilitating the responsible development of our nation's natural gas resources.

Introduction

As the President has stressed, the Administration is committed to promoting safe and responsible domestic oil and gas production as part of a broad energy strategy that will protect consumers and reduce our dependence on foreign oil. When President Obama took office, America imported 11 million barrels of oil a day. The President has put forward a plan to cut that by one-third by 2025, and we are on the right path. We are already making progress towards that goal. Overall, oil imports have fallen by 9 percent since 2008, and net imports as a share of total consumption declined from 57 percent in 2008 to less than 50 percent in 2010. The Department of the Interior (DOI) plays an important role in advancing domestic production.

To encourage production, the Administration is taking a series of steps to leverage existing authorities. These initiatives are part of the Administration's overall *Blueprint for a Secure Energy Future,* a broad effort to reduce our dependence on oil by producing more oil and natural gas at home and using cleaner, alternative fuels and improving our energy efficiency.

America's public lands and Federal waters provide resources that are critical to the Nation's energy security. At the Department of the Interior, we are expanding development of cleaner sources of energy, including renewables like wind, solar, and geothermal, as well as natural gas on public lands. The Administration is also working to facilitate the development of advanced coal technologies.

Domestic oil and gas production remain critical to our energy supply and to reducing our dependence on foreign oil; their development enhances our energy security and fuels our Nation's economy.

Recognizing that America's oil supplies are limited, we must develop our domestic resources safely, responsibly, and efficiently, while at the same time taking steps that will ultimately lessen our reliance on oil. We are making significant progress toward these ends. Total U.S. crude oil production was higher in 2010 than in any year since 2003. Oil production from the federal OCS increased by a third from 2008 to 2010. Oil production from onshore public lands increased 5 percent from 2009 to 2010. U.S. natural gas production is up 7 percent from 2008, and is at its highest level in more than 30 years.

We are working hard to build on this success. In 2010, the Bureau of Land Management (BLM) held 33 oil and gas lease sales covering 3.2 million acres and in 2011, BLM scheduled an additional 32 lease sales and has held 28 to date. The BLM has scheduled an additional 33 lease sales for 2012. In 2010, the Department offered 37 million offshore acres in the Gulf of Mexico for oil and gas exploration and production. And the 2012–2017 Outer Continental Shelf (OCS) Oil and Gas Leasing Proposed Program, discussed in more detail below, makes more than 75 percent of undiscovered technically recoverable oil and gas estimated on the OCS available for development.

2012–2017 Offshore Oil and Gas Development Program

Here at the Department we have put in place a new set of rigorous standards for safety and responsibility for the development of oil and gas resources on the Outer Continental Shelf. These reforms to offshore oil and gas regulation and oversight are the most extensive in U.S. history, and strengthen requirements for everything from well design and workplace safety to corporate accountability. They are helping to ensure that the United States can safely and responsibly expand development of its energy resources consistent with our stewardship responsibilities.

Expanding safe and responsible oil and gas production from the OCS is a key component of our comprehensive energy strategy to grow America's energy economy, and will help us continue to reduce our dependence on foreign oil and create jobs here at home.

As I mentioned above, the Proposed OCS Program for 2012–2017 will advance safe and responsible domestic energy exploration and production by making available for development more than three-quarters of undiscovered oil and gas resources estimated on the OCS, and includes substantial acreage for lease in regions with known potential for oil and gas development. This Proposed Program promotes responsible development and is informed by lessons learned from the *Deepwater Hori-*

zon tragedy and the reforms that we have implemented to make offshore drilling safer and more environmentally responsible.

A key part of safe and responsible development of our oil and gas resources is recognizing that different environments and communities require different approaches and technologies. The Proposed Program reflects this recognition, and accounts for issues such as current knowledge of resource potential, adequacy of infrastructure including oil spill response capabilities, Department of Defense priorities, and the need for a balanced approach to our use of natural resources. The majority of lease sales are scheduled for areas in the Gulf of Mexico, where resource potential and interest is greatest and where infrastructure is most mature. But it also includes frontier areas, such as the Arctic, where we must proceed cautiously, safely, and based on the best science available.

In Alaska and off its coast, the Proposed Program recommends that the current inventory of already-leased areas in the Arctic should be expanded only after additional evaluations have been completed, and in a manner that accounts for the Arctic's unique environmental resources and the social, cultural, and subsistence needs of Native Alaskan communities.

Natural Gas and Hydraulic Fracturing

Onshore, our large reserves of natural gas, including significant reserves contained in underground shale deposits, play a vital role in our energy future.

I previously mentioned that natural gas is an abundant, domestic fuel. The Bureau of Land Management alone oversees approximately 700 million acres of onshore subsurface mineral estate throughout the Nation and many of those lands contain natural gas deposits. Development of these natural gas resources has the potential to create jobs.

Recent technology and operational improvements in extracting natural gas resources, particularly shale gas, have increased gas drilling activities nationally and led to significantly higher natural gas production estimates for decades to come. Hydraulic Fracturing, or "fracking," is a common technique that has been used in oil and gas production operations for decades. Recent technological advances in fracking have allowed industry to produce from reserves that previously would have been inaccessible. Fracking is also used today by industry to increase a well's ability to produce gas or oil in commercial quantities. After drilling into the reservoir's rocks that contain hydrocarbons, producers then use hydraulic fracturing to create a crack or fracture so that oil and gas can more freely flow and thus increase production.

According to the BLM, over the last decade, leasing and exploration activities on BLM managed public lands has focused mainly on the development of natural gas resources. The number of wells stimulated by hydraulic fracturing techniques has been steadily increasing over the years as oil and gas producers are developing geologic formations that are less permeable than those drilled in the past. The BLM recently estimated that approximately 90 percent of the wells drilled on public lands that it manages are stimulated by hydraulic fracturing techniques.

While operators are required by BLM regulations to ensure at all times that water supplies are free or protected from contamination during drilling and subsequent activities, the increasing use of hydraulic fracturing has raised a number of concerns about the potential impacts on water quality and availability, particularly with respect to the chemical composition of fracturing fluids and the methods used.

As we continue to increase production of this important domestic energy resource, we are also taking steps to address concerns that have been raised regarding potential environmental impacts associated with these practices.

While my remarks focus on what we have been doing at the Department of the Interior, I should stress that this is an Administration-wide effort. We are working closely with the Department of Energy's Office of Fossil Fuels and the Environmental Protection Agency in its study on the question of potential water contamination issues associated with hydraulic fracking.

Department of the Interior Actions

The Department has already undertaken a number of efforts to explore and address some of the concerns about the potential negative impacts of fracking.

Last November, I hosted a forum on hydraulic fracturing to examine best practices to ensure that natural gas on public lands is developed in a safe and environmentally sustainable manner. The forum brought together major stakeholders to develop a way forward on natural gas so that the United States can safely and fully realize the benefits of this important energy resource.

Following that forum, the BLM hosted a series of regional public meetings in North Dakota, Colorado, and Arkansas—states that have experienced significant in-

creases in natural gas development on Federal lands or on leases issued by the BLM—to discuss the use of hydraulic fracturing and how we can ensure that robust natural gas development can continue on our public lands.

Throughout the past year, we have continued to work closely with industry, other federal agencies and the public, closely evaluating the suite of existing BLM regulations governing oil and gas development and considering whether updates to those regulations may be warranted, given the substantial increase in domestic production in recent years.

BLM's current regulations specific to hydraulic fracturing—or stimulation operations—are in many ways outdated; they were written in 1982; and they reflect neither the significant technological advances in hydraulic fracturing nor the tremendous growth in its use that has occurred in the last 30 years.

Additionally, the outreach efforts we have made over the past year have highlighted strong public interest in additional information about hydraulic fracturing techniques, including the composition of the fluids that are being used. As a result, BLM is considering revisions to its current regulations that would address disclosure of the chemicals used in the hydraulic fracturing process with necessary provisions related to protecting trade secrets.

We are aware of a number of existing efforts underway in certain states and of the national website, FracFocus (http://fracfocus.org/), that provides a forum for developers to voluntarily disclose some information. We are evaluating the various state requirements and FracFocus and are looking at how best BLM might put in place a disclosure system that is not duplicative but still protects the important resource values that BLM is tasked with managing.

Our experience with the Deepwater Horizon oil spill and our extensive outreach efforts over the course of the past year have confirmed that wellbore integrity is of paramount importance in guarding against the smallest leak to catastrophic well failures. For this reason, BLM is also looking at wellbore integrity as a means to minimize the risk of fracturing fluid leaking into water sources. In addition, we are evaluating whether it would be beneficial to amend existing requirements that govern the management of water that is produced following development.

We recognize that a number of states around the country already have in place important requirements to ensure the safety and environmental performance of hydraulic fracturing.

As we move forward, we will continue to work closely with industry, other Federal agencies, state agencies, tribes, and the public to evaluate how best to update our requirements to reflect modern technology while ensuring natural gas plays a robust role in our domestic energy portfolio and is developed in a way that protects our public lands.

Conclusion

The Department is working to secure our energy future by ensuring the potential for clean energy development on our public lands and waters is realized. And we are pursuing the safe and responsible development of our conventional energy resources here at home.

Mr. Chairman, thank you again for the opportunity to be here today to discuss the Department of the Interior's commitment and efforts to reduce our dependence on foreign oil and create jobs through the development of these important energy resources. I am happy to answer any questions that you or the Committee may have.

Response to questions submitted for the record by Hon. Ken Salazar, Secretary, U.S. Department of the Interior

Questions from Chairman Hastings:

1. **As the Department of the Interior proceeds with creating and implementing federal regulations on hydrofracking on federal land, can you explain what the process will be for creating and implementing these regulations and who will be consulted in the process? Additionally, what specific job creation and employment information does the Department take into consideration when creating and implementing energy development regulations?**

Response: As the President has made clear, this administration's all-of-the-above energy strategy includes strong efforts to safely and responsibly increase production of our abundant domestic oil and gas resources. As we continue to expand domestic natural gas production, in large part made possible by improvements in technologies

like hydraulic fracturing, it is critical that the appropriate safety and environmental protections are in place.

The proposed rule was published in the Federal Register on May 11, 2012, and is available here: http://www.doi.gov/news/pressreleases/loader.cfm?csModule=security/getfile&pageid=293916, An accompanying economic analysis is available here: http://www.doi.gov/news/pressreleases/loader.cfm?csModule=security/getfile&pageid=293917. During development of the proposed rule, BLM sought feedback from a wide range of sources, including tribal representatives, industry, members of the public and other interested stakeholders. Public comment on the proposal ends July 10, 2012, and comments received will be used to further refine the proposal.

The proposed well stimulation rule was developed to provide common-sense measures that will enhance public confidence in natural gas development on public lands while also encouraging continued safe and responsible exploration and production. In November 2010, Secretary Salazar hosted a forum, including major stakeholders, on hydraulic fracturing on public lands to examine best practices to ensure that natural gas on public lands is developed in a safe and environmentally sustainable manner. Subsequently, in April 2011, the BLM hosted a series of regional public meetings in North Dakota, Arkansas, and Colorado—states that have experienced significant increases in oil and natural gas development on Federal and Indian lands—to discuss the use of hydraulic fracturing on the Nation's public lands.

During these events, members of the public expressed a strong interest in obtaining more information about hydraulic fracturing operations being conducted on public and Indian lands.

The BLM has also been involved in active tribal consultation efforts on this topic, including four regional meetings in January 2012 to which Tribal leaders from all Tribes that are currently receiving oil and gas royalties and all Tribes that may have had ancestral surface use were invited. These meetings were held in Tulsa, Oklahoma; Billings, Montana; Salt Lake City, Utah; and Farmington, New Mexico. BLM has been and will continue to be proactive about tribal consultation under the Department's recently implemented Tribal Consultation Policy, which emphasizes trust, respect and shared responsibility in providing tribal governments an expanded role in informing federal policy that impacts Indian tribes, including their lands. The agency will continue to consult with Tribal leaders throughout the rulemaking process.

2. In multiple meetings and hearings both here and the House we have heard from very knowledgeable state officials that state regulations are doing a sufficient job in regulating hydrofracking while balancing the needs and concerns of the community and environment while still allowing for the development of shale gas and oil and job creation. What deficiencies your department has found in state regulations that warrant the federal government stepping in and creating their own, sometimes duplicative, regulations?

a. How would these federal regulations work in conjunction with state regulations that have already been successfully established?

Response: As stewards of the public lands, and as the Secretary's regulator for oil and gas leases on Indian lands, the BLM has evaluated the increased use of well stimulation practices over the last decade and determined that the existing rules for well stimulation needed to be updated to reflect significant technological advances in hydraulic fracturing in recent years and the tremendous increase in its use.

The BLM recognizes that some, but not all, states have recently taken action to address hydraulic fracturing in their own regulations. The BLM's proposed rulemaking is designed to complement ongoing state efforts by providing a consistent standard across all public and tribal lands and ensuring consistent protection of the important federal and Indian resource values that may be affected by the use of hydraulic fracturing. The BLM is also actively working to minimize duplication between reporting required by state regulations and reporting required for this rule. The BLM has a long history of working cooperatively with state regulators and is applying the same approach to this effort.

In keeping with longstanding practice and consistent with relevant statutory authorities, it is the intention of the BLM to implement on public lands whichever rules, state or federal, are most protective of federal lands and resources and the environment. And regardless of any action taken by the BLM, operators still would need to comply with any state-specific hydraulic fracturing requirements in the states where they operate.

3. Recently, the U.S. Forest Service proposed a total ban on horizontal drilling for the George Washington National Forest in Virginia, which sits atop significant Marcellus Shale gas reserves. Has BLM or DOI consulted with the USFS or the Department of Agriculture on addressing the concerns of the Forest Service through regulation rather than through another moratorium on drilling on public lands, which costs jobs and government revenue?

Response: The President's energy strategy, *Blueprint for a Secure Energy Future,* includes an all-of-the-above approach, including the responsible development of both conventional and renewable energy sources on our public lands. Contrary to the statements made in this question, the draft Management Plan released in May 2011 makes almost one million acres of the forest available for gas leasing and would also allow for consideration of wind energy development in some areas.

As noted at the hearing, the BLM serves as a cooperating agency to the ongoing analysis being undertaken by the USFS on the potential impacts of oil and gas leasing within George Washington National Forest. The process for determining the final oil and gas leasing management plan for the George Washington National Forest is still ongoing and we are working to ensure that the most current, and technically accurate information is considered. While the draft version of the plan would prohibit horizontal drilling in the forest, in general federal land managers, including the BLM and the U.S. Forest Service, recognize the importance of horizontal drilling as one tool for development of oil and gas resources on public lands. A copy of the BLM's written comment to the George Washington National Forest draft Forest Plan is available at: http://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb 5366331.pdf.

4. In 2007, six 160 acre tracts of land were leased to three companies for oil shale projects. These leases have the potential to be expanded to as much as 5,120 acres. In 2009, BLM solicited a second round of oil shale RD&D leases, however, the terms were much less favorable to oil shale development and the potential for lease expansion was decreased to only 480 acres. The result was a lack of interest in the second round of leases as many firms believed a commercial project could not be established on that small amount of acreage. What new information did the BLM have and what went into the decision making process that led to the Department making such drastic changes to the lease terms and how does the Department believe this will favorably advance oil shale development?

Response: The November 2009 Federal Register notice announcing the call for nominations that led to the three nominations (74 Fed. Reg. 56867; http://frwebgate1.access.gpo.gov/cgi-bin/PDFgate.cgi?WAISdocID=iuIewL/0/2/0&WAISaction=retrieve) contains information responsive to the question. While specifics are detailed in the text of that notice, in general it states that the administration wanted to review and reconsider aspects of the previous solicitation, published in mid-January 2009, including lease acreage and the rules that would govern conversion of an RD&D lease to a commercial lease, particularly those related to royalty rates, and to solicit comments on terms and conditions for any future leases. The notice also states the intent of the second round of RD&D leases was to focus on the technology needed to develop the resources into marketable liquid fuels to inform future decisions on whether and when to move forward with commercial scale development.

Questions from Rep. Rivera:

1. Recently, my staff contacted BOEM and BLM to try to get a list of all incorporated-foreign-government owned companies that have leases in the U.S. They were surprised to learn that the Department doesn't keep a database of what companies are foreign-government owned. The incorporated foreign-owned company is just mixed in with the regular, private-owned companies. I believe it would be extremely useful to at least be able to track those companies and what government owns them. Therefore, I would like to request from the Department a list of all incorporated foreign-government-owned energy companies that currently have onshore and offshore leases on U.S. Federal lands and in U.S. waters. For example, one that I am aware of is Statoil, a Norwegian-State owned oil company operating in Alaska, the Gulf of Mexico, the Marcellus Shale and other areas of the United States.

Along with the names of those companies, I would also like to know which governments have an ownership-stake in those companies. Furthermore, if it is possible to identify the scope of their leases, production from their holdings, and in which state or off what coast they are located, I believe that would be helpful as well.

Response: Following the request for similar information made at this hearing, both BLM and BOEM reviewed the laws applicable to their leasing programs and again determined that the information kept by Departmental bureaus would only reflect that corporate leaseholders are appropriately incorporated within the United States. Under U.S. law, corporations must be organized under the laws of the United States, the States, the District of Columbia, or U.S. territories in order to hold mineral leases, and both BOEM and BLM regulations require that corporations bidding on federal leases qualify prior to bidding. See bureau regulations at 30 CFR 556.35 and 556.46 (http://frwebgate1.access.gpo.gov/cgi-bin/PDFgate.cgi?WAIS docID=RnK8G5/1/2/0&WAISaction=retrieve (for offshore leases) and 43 CFR 3102.1 and 3102.5–1 (http://www.gpo.gov/fdsys/pkg/CFR–2010-title43-vol2/pdf/CFR–2010-title43-vol2-sec3102–1.pdf (for onshore leases). For these reasons, the specific information sought in this question is not kept or maintained by the Department.

2. **You've mentioned how you have reached out to Repsol regarding their operations in Cuba since you have some influence over them due to their U.S. holdings. Statoil, which also has U.S. holdings, is also working with the Cuban regime to develop their energy resources as well as giving them technical assistance. I would also point out that Statoil has dealings with another State-Sponsor of Terrorism, Iran. Is this Administration using their influence on them as well? If so, how? If not, why not?**

Response: The Department's role in the development of oil and gas resources in Cuban waters is to ensure that our national interests, particularly environmental interests in Florida and along the U.S. coastline, are protected from any potential impacts of oil and gas drilling operations there. Activities of the nature addressed by this question fall under the jurisdiction of the State Department, which recently has used new authorities, such as that provided in the Comprehensive Iran Sanctions, Accountability, and Divestment Act, signed into law on July 1, 2010, to persuade major multinational energy companies to pledge to end their investments in Iran and provide assurances not to undertake new energy-related activity there that may be sanctionable.

Questions from Rep. Coffman:

1. **Mr. Secretary, what plans, and the analysis used for those plans, if any, does your Department have to supplement the loss of production, jobs, revenues and safety this delay of Keystone XL will cause? I would like for you, Mr. Secretary, to develop and send back to me and this Committee a written response directly addressing these questions. My colleagues and I look forward to your response and your plan to replace the losses the Keystone XL delay will cause.**

Response: The process related to the approval of a permit for the Keystone XL pipeline falls under the jurisdiction of the State Department. From the first days of this administration the President has been focused on job creation and economic growth. And we at the Department of the Interior have too, not only with regard to conventional and renewable energy development, which the Department estimate produced on Interior lands and waters results in about $230 billion in economic benefits each year, but we are also contributing to the economy through other programs in the Department. According to a 2010 Department study, departmental programs and activities directly supported over 2 million jobs and approximately $363 billion in economic activity, and our parks, refuges, and monuments generate over $24 billion in economic activity from recreation and tourism. The American outdoor industry has estimated that 6.5 million jobs are created every year from outdoor activities. Interior is at the forefront of the Administration's comprehensive effort to spur job creation by making the United States the world's top travel and tourism destination. And hunting, fishing, and outdoor recreation contribute an estimated $730 billion to the U.S. economy each year.

The CHAIRMAN. Director Abbey, go ahead.

Mr. ABBEY. Thank you, Chairman Hastings. Thank you, Secretary Salazar and Members of the Committee.

I am proud of the work that the Department of the Interior is doing to diversify our nation's energy portfolio by making greater use of renewable energy sources from our public lands. Solar, wind, hydropower and geothermal will one day be major sources for energy in this nation, and we are laying the foundation for that to occur.

However, we are not naive, and for the foreseeable future our nation will be dependent on oil, natural gas and coal. Given this reality, the Department of the Interior has undertaken much needed reforms in our own minerals program that makes available appropriate public lands for mineral development while providing greater certainty to industries that the lands are being made available for leasing can be developed and in a more timely manner.

Our reforms have already been successful in reducing conflict, litigation and protests that had adversely affected the development of oil and gas from public lands for years. Today we have a more orderly process for leasing and developing oil and gas. Parcels that are being leased today are the parcels that have the greatest chance of being developed the quickest.

And while oil and natural gas will be a primary component of our nation's energy portfolio for years to come, the increased use of hydraulic fracturing on both public and private lands has understandably generated concerns among the public about possible impacts to water quality and availability. This was the primary concern that we heard from local government officials and the public at community forums that we hosted last spring in North Dakota, Colorado and Arkansas.

Over 90 percent of all the wells that are being drilled on public lands today are using this technology. It is therefore important that we remain diligent in confirming the integrity of the well bore prior to the hydraulic fracturing operation as well as monitoring the well bore during the process to ensure that underground water resources remain isolated and protected.

The Department of the Interior, as Secretary Salazar alluded to, is committed to ensuring that development activities occurring on the public lands are being conducted in a safe and responsible manner that protects human health and safety while bringing in a fair return to the American taxpayer for the development of their mineral assets.

Secretary SALAZAR. And Director Beaudreau?

Mr. BEAUDRAU. Thank you, Secretary Salazar.

Chairman Hastings, Ranking Member Markey and Members of the Committee, I thank you for the opportunity to appear before this committee today to discuss our proposed Outer Continental Shelf oil and gas leasing program for 2012 to 2017.

This is my first appearance before the Committee and so I will start by introducing myself and my new agency. I am the Director of the Bureau of Offshore Energy Management, BOEM, which is responsible for managing the environmentally sound development of conventional and renewable offshore energy and ensuring that the American public receives fair value for the use of our shared resources.

In June 2010, while the response to the Deepwater Horizon spill was ongoing, I left my law practice to join the Interior Department.

For the past 17 months, I have worked with Secretary Salazar and Director Bromwich to design and implement our aggressive and sweeping reform agenda, which has made offshore oil and gas development safer and our oversight of industry more effective.

I grew up in Alaska where my father worked on the North Slope for an oil and gas exploration company. I was raised to enjoy and appreciate the outdoors—hiking, hunting and fishing—in our last frontier and was deeply saddened by the Exxon Valdez oil spill.

As an Alaskan, I know firsthand both the critical role energy development plays in our economy as well as the imperative that this activity be conducted safely and with appropriate protections for the environment. This same balance is the core mission and responsibility of my agency and is fundamental to the proposed 2012 to 2017 offshore leasing program that we published last week.

Under this five-year plan, we have scheduled 12 lease sales in the Gulf of Mexico where the oil and gas resources are abundant and well understood and the infrastructure to support responsible development is mature. The first of these sales under the new program is scheduled for next fall. We also have scheduled three potential lease sales in the Alaskan OCS, including one each in the Beaufort Sea and Chukchi Sea planning areas.

We have designed the program so that these sales will be deliberately tailored to the unique Arctic environment where there is significant resource potential but also where careful consideration must be given to protecting those sensitive ecosystems and to respecting Native Alaskans' cultural and subsistence reliance on the ocean.

We are embarking on a comprehensive outreach campaign to engage with the public on the proposed five-year program. In December, we will hold 13 public hearings in Gulf states, Alaska and here in Washington, D.C. I will personally attend the hearings in New Orleans, Washington and several Alaskan villages so that I will hear firsthand the comments and concerns of members of the communities most directly involved with and connected to offshore oil and gas leasing.

Offshore energy is, and will continue to be, a critical component of the United States' domestic energy strategy. I join the Secretary in expressing appreciation for your attention to the five-year program and the opportunity to discuss it with you today.

The CHAIRMAN. Thank you very much, all three of you, for your opening statements. We begin the questioning, and I recognize myself for five minutes.

Mr. Secretary, there has been obviously a lot of discussion on economic recovery. As you know, we have tried the idea of stimulating the economy. I think the proof is in the pudding that that simply hasn't worked. There needs to be a new way to do it.

The approach that we look at, at least from my perspective and I think a lot of Members—probably most Members on my side of the aisle—is an effort to jumpstart the economy, and one way to jumpstart the economy is to recognize how important energy is to our economy. Energy jobs are good paying jobs, as you well know, and there is also a national security aspect to having American made energy.

The reason I say this in context with what we are talking about today, and if you will put up the first slide that I have? The first slide here shows the United States. Can you put that slide up on the screen? There it is.

[Slide.]

The CHAIRMAN. After 2008, as you recall, for decades there was a Presidential and a congressional moratoria on drilling on the OCS. Both those moratoria went away at the start of this Administration, so these were the opportunities that I alluded to in my opening statement for production and is essentially everything, as you can see there, in the green. The eastern Gulf of course was closed off until I think 2012 or 2021, whatever that figure is. That was the only one. Everything else was an opportunity.

If you would put up the second slide now?

[Slide.]

The CHAIRMAN. Your draft plan essentially takes away all of the Outer Continental Shelf on the Atlantic and part of what was potentially open in Alaska, and it puts restrictions, more restrictions, while it is open in Chukchi and Beaufort.

My question to you, in your opening statement, you said that the President has said that natural gas is a broad part of our broad energy portfolio, so when you contrast the two together—if you put up the third slide, you can see them side by side.

[Slide.]

The CHAIRMAN. I in all honesty, Mr. Secretary, think that the plan compared to where the opportunities were going into this Administration are maybe a kind word is underwhelming, and I just want your comments on that.

Secretary SALAZAR. Thank you very much, Chairman Hastings. Let me make two points on this.

The first is that I think it is important for this committee and the Congress and the United States to not have amnesia about the Deepwater Horizon and the Macondo well. It was in fact a national crisis that gripped the U.S. Congress, the President's leadership and the involvement of the Administration and industry that basically brought the runaway well under control.

What it showed was that there were significant issues that raised the conclusion, which I hope you agree with, that the oil and gas industry simply was not prepared to deal with that kind of a blowout and so we have taken major steps with a major overhaul of the Department of the Interior's former MMS agency to make sure that we have the appropriate oversight, and we will work closely with industry to develop the containment strategies and the prevention strategies to be able to move forward, to stand up production in the Gulf of Mexico once again.

So, as we look at the maps that you have put up there, Chairman Hastings, we have tried to move forward in a way that is thoughtful given the lessons that have been learned from the Macondo well. And so the targeting of the Gulf of Mexico, which is a place where we have the best known available information and the best infrastructure, is the best place to go for oil and gas development, and that is why 12 lease sales have been scheduled there.

In Alaska and in the Arctic, there are places in which we don't believe we ought to drill. For example, Bristol Bay is a place that

we have put off limits for five years because of the fact that it is the kind of place that we believe should not move forward right now with oil and gas production.

On the other hand, when you look at the Beaufort and the Chukchi Sea, it is a place where we need to develop additional information and so we are doing that and doing it in a thoughtful way.

The CHAIRMAN. All right. Thank you. I have one other question, and it deals with the organic legislation that you and I have talked about in the reorganization.

As you know, tomorrow we will be marking up that regulation. Since you are here today, albeit on different issues, how do you feel about the importance of codifying or structuring that law as we have talked about, real briefly?

Secretary SALAZAR. Chairman Hastings, long before the Deepwater Horizon I sat at this same table when I suggested to this committee that organic legislation was needed for the then MMS. I continue to believe that to be the case today.

The CHAIRMAN. Good. Thank you very much, Mr. Secretary. Thank you for your responses.

The gentleman from Massachusetts, Mr. Markey?

Mr. MARKEY. Thank you, Mr. Chairman, very much. Over the past 10 years in the leasing of the last 10 leases in the Gulf of Mexico dating back to August of 2005, the Interior Department has offered more than 39,000 tracts to oil companies to drill. Of these, just 36,000 [sic] tracts received any bids from oil companies. That means that oil companies are not even bidding on 90 percent of the public lands offshore being offered to them.

So, Mr. Secretary, if they are not drilling, if they are not bidding for those leases, what is going on out there? You have identified those as areas that could have oil under them, and yet for 90 percent of those areas there is no bids at all from the oil industry.

Secretary SALAZAR. The fact is that there are vast acreage in the offshore that are already under lease and there is vast acreage onshore as well that is under lease, but those places are not yet being developed. And so one of the things that we have done is to put in place incentives with respect to the new five-year plan that hopefully will incentivize companies not to sit on acreage and not develop it.

Mr. MARKEY. So, in the Gulf of Mexico lease sale in March of 2010, more than 75 percent of the tracts that received bids had only a single bid, and so that dearth of industry competition is typical, unfortunately, of most offshore lease sales. These are leases being offered in areas in the Gulf of Mexico where there are nearly 80 billion barrels of oil and gas reserves, but oil companies aren't bidding for the majority of those leases. So, if the oil companies aren't bidding on the vast majority of tracts offered in the Gulf, should we be rushing to offer them new areas off our beaches in the East and West Coast?

Secretary SALAZAR. Congressman Markey, our view on the implementation of OCSLA, which is a law that I executed with respect to offshore energy, is that we need to take into consideration a number of different factors under the law.

On the Pacific, one of the requirements of the law is that we take into consideration the position of the states, and the States of Washington and Oregon and California are in strong opposition to development in those areas. On the Atlantic, there is a mix of opinion, and our decision has been to move forward with developing additional information on the Atlantic before there is any decision made about leasing with respect to the Mid and South Atlantic.

Mr. MARKEY. Mr. Secretary, when the Department released its five-year offshore drilling plan, The New York Times reported that, "David Hayes, the Deputy Interior Secretary, acknowledged that the infrastructure did not now exist to prevent or respond to a major spill in the Arctic. Mr. Hayes said a response could be compromised by inclement weather, a lack of deep harbors or shortage of appropriate vessels and inadequate oil transportation resources. The Department was addressing those concerns, he said, and as a result had scheduled any possible lease sales in Alaska for the end of the five-year lease program."

That is The New York Times reporting. So, Mr. Secretary, if the oil spill response infrastructure that Mr. Hayes has outlined is still not in place in 2015, will the Department move forward with those lease sales in Arctic waters?

Secretary SALAZAR. We can always pull those lease sales if the infrastructure is not in place. We do have concerns about the Coast Guard capability in the North Slope and in the North Sea, and those are issues which we are discussing with stakeholders, including the oil and gas industry.

Mr. MARKEY. The Department's press release announcing the five-year plan stated, "The Arctic sales are scheduled late in the five-year period to facilitate further scientific study and data collection and longer term planning for spill response preparedness and infrastructure. The independent BP Spill Commission also concluded that scientific understanding of environmental conditions in sensitive environments such as the Arctic is inadequate."

What additional scientific study and data collection is needed in the Arctic? And if it has not been completed by 2015, will the Department move forward with those lease sales?

Secretary SALAZAR. That is a good point. We need additional science to be developed, and I am going to have Director Beaudreau answer a little bit on that question.

Mr. BEAUDRAU. Yes. My agency, the Bureau of Ocean Energy Management, is responsible for overseeing an environmental studies program that devotes millions of dollars to fund Arctic research in particular. That research is being conducted with respect to issues such as climate change, marine mammal migration patterns and populations, as well as ocean currents.

All of this information is necessary to inform decisionmaking as development in the Arctic proceeds and as the scale of development may increase over time depending on the lease sales and depending on our evaluation of the preparedness. We will make those decisions at the appropriate time in the leasing schedule and evaluate the science as it stands at that time.

The CHAIRMAN. The time of the gentleman has expired. The Chair recognizes the gentleman from Texas, Mr. Gohmert.

Mr. GOHMERT. Thank you, Mr. Chair, and thank you, Secretary Salazar for being here.

You had mentioned with regard to hydraulic fracking that that was the Achilles' heel in the production of natural gas. Now, when I came to Congress in January of 2005 we didn't know the full extent of the Marcellus shale, the Haynesville shale, the Barnett, all these shales that have produced tremendous amounts of natural gas. It is a way we could become independent from energy from people that don't like us.

And so we keep hearing what ultimately appears to be scare tactics. We have had people say gee, after hydraulic fracking we could smell natural gas in our drinking water. We have had EPA overreact, and we found out that their actions were not borne out by the scientific studies.

And it would certainly have been news to the people in New London, Texas, in my district back in the 1930s that natural gas in its natural state had any smell at all because they didn't know it had a smell and that is why the basement filled with natural gas, a spark set it off and created the worst school disaster in American history. It was because that legislation was put in place, as you are surely aware, that began to require an injection of smell so that people could smell natural gas once it was brought out into production.

So I am just curious. I know that there is a new study that has been commissioned because apparently people aren't happy with the ones that have said there is no relationship between hydraulic fracking and gas in drinking water. Are you aware of any current true scientific study that says otherwise?

Secretary SALAZAR. I am aware that there has been contamination from oil and natural gas wells in two surface water supplies, and that is why we——

Mr. GOHMERT. I am talking about natural gas.

Secretary SALAZAR. Natural gas as well. When we speak about——

Mr. GOHMERT. Well, that is what the EPA director said, but that wasn't borne out.

Secretary SALAZAR. Hold on, let me answer. Congressman, let me answer, OK? We are talking with members of the industry as well as others about moving forward with a thoughtful rule. The policy objective that we have in place is to be supportive of the natural gas industry. The President has——

Mr. GOHMERT. Sir, you are not answering my question. My question was very direct.

Secretary SALAZAR. The President has made——

Mr. GOHMERT. Are you aware of any scientific studies? My time is limited. I don't have time for this kind of thing.

Secretary SALAZAR. Well, if your time is limited, let me give you the response. We, number one, support the development of natural gas in this country.

Mr. GOHMERT. That is not the answer, Mr. Secretary. Let us move on——

Secretary SALAZAR. Number two, we want a responsible development of——

Mr. GOHMERT.—because you have no scientific studies that show that it does that. That was the question. Whether or not you support it was not the question. You can talk about that later on your time.

Secretary SALAZAR. Congressman, I have to respond.

Mr. GOHMERT. Now let me go to the Deepwater Horizon spill.

Secretary SALAZAR. I have to respond to you. You know, the ear banging that you are engaging in is not helpful.

Mr. GOHMERT. Sir, now you are using up my time to filibuster, and you wouldn't answer the question. Do you know of any scientific studies that support your position? Yes or no?

Secretary SALAZAR. There has been contamination of wells and——

Mr. GOHMERT. So the answer is you don't know of any scientific studies that document what you are alleging. Thank you.

Let us move on to the Deepwater Horizon spill. We know that there were about 800 egregious violations by BP on Deepwater Horizon while Exxon and Shell and others had one or two. Why was it that BP was allowed to keep drilling out in such a hazardous situation with so many violations?

Secretary SALAZAR. Congressman, the fact of the matter is that what happened to BP could have happened to other companies as well.

Mr. GOHMERT. There is no other company, Secretary, that had that many egregious violations. And again, you are not answering my question. Why were they allowed to do that? There was no other company that had that many violations.

Secretary SALAZAR. Congressman, our goal is to stand up the oil and gas industry in the Gulf of Mexico. We have succeeded in doing that. The rigs are back to work.

Mr. GOHMERT. You sure have. You stood it up.

Secretary SALAZAR. Back on the natural gas agenda, our program is to develop a robust natural gas portfolio here in this country. We are supportive of the industry and our rules——

Mr. GOHMERT. Well, speaking of standing up to oil and gas, one of the first things you did as Secretary, you came in and declared that leases, 77 of them in Utah that had been a result of a seven-year process were leased at a midnight hour and therefore you reneged. You breached the agreement. You canceled them and said you weren't going to allow that to happen at the midnight hour.

Sir, were you aware of the seven-year process that took place beginning in 2001 and leading up to the lease of those Federal lands in Utah?

Secretary SALAZAR. Congressman, we believe that we ought to drill in the right places with the right protections and we ought not to be drilling in the vicinity of the scenery of our national parks.

Mr. GOHMERT. I am sorry, sir. Did you not hear my question? My question was were you aware of the seven-year process leading up to what you called the midnight hour lease of those lands in Utah?

Secretary SALAZAR. It was a midnight hour lease, and I am aware of the seven-year process, which had faults in it, which ended up in litigation and which the court said was wrong.

Mr. GOHMERT. Thank you. Thank you for answering that question. I yield back.

The CHAIRMAN. The time of the gentleman has expired. The gentlelady from Massachusetts, Ms. Tsongas, is recognized.

Ms. TSONGAS. Thank you, Mr. Chairman, and thank you, Secretary Salazar, for being here with us today. I remember at our last meeting you committed to coming to Lowell, Massachusetts, and I am going to follow up with you at some point given our great national park there.

I was pleased to see your announcement earlier this week naming Rear Admiral James Watson as the new Director of the Bureau of Safety and Environmental Enforcement, and I know that Admiral Watson previously served as a Deputy Commander of the Coast Guard Atlantic Area Command and was designated as a Federal on-scene coordinator for the all-of-government response to the Deepwater Horizon disaster, and so I trust that he has the experience and leadership to ensure that offshore drilling is done in a safe and secure way.

I also want to commend the Department's commitment to more thorough and comprehensive oil spill response plan review and enforcement through BSEE. I know this Administration shares my view that we simply cannot allow risky drilling to take place in our public waterways without oil companies clearly demonstrating their ability to prevent, mitigate or clean up any type of accident. It was a harsh lesson we learned with Deepwater Horizon.

That is why I have introduced the Safer Drilling Act, which would require oil companies to have worst-case scenario response plans and the financial and technical means to clean up any spill before they drill for oil off our coasts.

However, as Congressman Markey has been discussing, your Department has granted Shell Oil conditional approval of its plan to begin drilling exploratory wells in the Beaufort Sea off the North Slope of Alaska. I am concerned that Shell Oil's response plan does not have an acceptable worst-case scenario plan in place and am specifically concerned that the company's worst-case plan is based on conditions in the Arctic in August when storms are rare and there are not sustained periods of darkness and sea ice cover is limited.

Given that this region is one of the harshest areas in the world in which to drill for oil and that the proposed well sites are subject to fierce winds and high seas in the fall, as well as severe storms like the record storm that recently battered the coast of Alaska, what will your agency do to closely review and monitor Shell's proposed activities to make sure the company has an adequate and comprehensive and worst-case scenario plan in place?

Secretary SALAZAR. Thank you very much, Congresswoman. I will come to Massachusetts, and we will visit the national park together.

I thank you for the comments on Admiral Watson. He is a rare person to come in to take on this kind of responsibility that we have for America's oceans and energy development.

I am going to have Tommy Beaudreau respond to your question on Shell.

Mr. BEAUDRAU. Yes. Thank you very much for that question. As you noted, the approval of Shell's Beaufort plan was conditional. Included among those conditions is that Shell demonstrate the abil-

ity to contain any spill or blowout related to their operation, and they will have to prove that to us before they get a permit to drill.

They will also have to demonstrate before getting a permit to drill that they have adequate spill response and that we are satisfied with their spill response plan. Deputy Secretary Hayes is currently overseeing a high-level interagency working group that is focused on Shell's plan. Involved in that working group of course is Interior, my agency, as well as BSEE, NOAA, the EPA and the Coast Guard.

We have been engaged with Shell on specific issues and concerns that we have with respect to their plan, and they will have to satisfy us that they have adequately addressed those concerns before they will get a drilling permit under that exploration plan.

Ms. TSONGAS. It is a very unique environment, so how do you develop your standards for what is appropriate or what will work, and what won't work, given the very difficult circumstances up there?

Mr. BEAUDRAU. There are challenging circumstances there. Our regulations set, I believe, a very high bar with respect to spill response, and you have to pay attention to the particular challenges in the Arctic when you evaluate the plan that is put forward.

One of the issues that we are considering, for example, is the length of the drilling season, to address the issue that you referred to and the legitimate question. What are you doing if there is an accident late in the drilling season? Those are the types of issues that we are focused on with Shell right now.

Ms. TSONGAS. Can you imagine a situation in which your Department considers every possibility and that Shell cannot come up with a plan to deal with the worst-case scenario, in which case you would not issue the permit?

Mr. BEAUDRAU. Again, they will have to satisfy us that their plan is adequate to deal with the proposed operations that they put forward.

Ms. TSONGAS. Thank you. I yield back.

The CHAIRMAN. The time of the gentlelady has expired. The gentleman from Colorado, Mr. Lamborn, is recognized.

Mr. LAMBORN. Thank you, Mr. Chairman. Secretary Salazar, thanks for being here. It is good to talk to a fellow Coloradan.

As I am sure you know, increased regulations on an industry lead to regulatory uncertainty, which hinders businesses being able to expand and create jobs because it is harder to plan their future. With oil shale in particular, a recent study indicates that over 350,000 American jobs could be created by the development of the oil shale.

However, your Department plans to issue hydrofracking regulations, which would undoubtedly hinder this development, but also in the past right after coming into office the Administration changed the terms of oil shale leases, making them so limited that industry has little interest in these tracts of land.

Can you explain to this committee what economic analysis was used, if any, in making these decisions, and do you take job creation into effect when you issue regulations that have the effect of creating uncertainty and limiting business opportunities?

Secretary SALAZAR. Congressman Lamborn, I appreciate the question and the fact is that oil shale and development of the oil shale resources of Colorado, Utah and Wyoming are very different from the issue of fracking of tight gases in other formations around the country.

With respect to the oil shale of western Colorado, I think it is important for everyone to remember that there are some very significant questions that have not been answered, including the impact on water supplies of the Colorado River and other places, and so we have moved forward with pilot projects to develop the research and development, and there are a number of companies that are involved in at least Colorado and Utah that have been developing tremendous research on the oil shale potential.

With respect to your question on natural gas and fracking, our program that we have not yet put out on the table, because we are still in the process of developing, is not meant to impede the development of natural gas. It is meant to support the development of natural gas so that we don't end up in a circumstance where we end up seeing the kinds of moratoria that we are seeing proposed in different states around the country.

Mr. LAMBORN. So does your Department use economic analysis like jobs created or jobs lost?

Secretary SALAZAR. We see the work that we do in the Department to be very connected to job creation and job security in America, whether it is in the oil and gas arena or whether it is in the conservation world.

We know the number of jobs that are created, and we have economic analysis and reports that I have created over the last several years that have been shared with Members of Congress as well as with others that show the tremendous impact that we do have on job creation in this country.

Mr. LAMBORN. But that is in more general terms. You don't apply that to particular regulations?

Secretary SALAZAR. We look at that. I mean, the economic reality is something that we consider because of the fact that the President and the Administration very much understand that the main challenge that we face here in the United States of America is job creation, so we think about it every day.

Mr. LAMBORN. OK. Well, I wish it was linked to the actual regulations when they were being formulated.

Changing the subject, you said, first of all, in your written statement that oil production from the Federal OCS increased by a third from 2008 to 2010. The clear implication there is that this Administration is responsible for that in some way.

Knowing that the lead time for bringing oil production to the market from offshore can be five to 10 years when you include the entire leasing and permitting process, how much of this one-third increase that you claim, on behalf of President, Obama began under President Obama and how much of it began under the previous Administration?

Secretary SALAZAR. The policy of the United States, including Presidents like President Clinton and President Bush and President Obama, has been to move forward and develop the oil and gas

resources of the Gulf of Mexico, and about a third of the domestically produced oil and gas now comes from the Gulf of Mexico.

So we have moved forward with a program that has supported the development of oil and gas and have weathered the major storm of the Deepwater Horizon where many people were calling for a shutdown of oil and gas production in the Gulf. And so the fact that we are able to now have the rigs back at work in the Gulf of Mexico given the national crisis that we went through is something that I am very proud to have accomplished.

Mr. LAMBORN. Well, my specific question is when you claim on behalf of the President a one-third increase, how much of that is he really responsible for, if any?

Secretary SALAZAR. I would say we are all responsible for it. It is a shared accomplishment because the oil and gas production that we are seeing in the Gulf of Mexico, which has increased significantly over the last several years, is in large part dependent on the discovery that the oil and gas industry has made as it has moved into deeper waters. So discoveries that are being made are good ones, and they are efforts on both exploration and development that we support.

Mr. LAMBORN. I like the fact that you say this is shared and should continue from Administration to Administration and from year to year, but when I see a claim being made that this President is responsible for this one-third increase, I don't see where that comes from.

Secretary SALAZAR. Well, the policy of the President is clear on energy, and that is to develop a secure energy future for the United States. As I said in my opening statement, it does include oil and gas as part of that energy portfolio. We are supportive of oil and gas development, along with alternative energies and fuel efficiencies.

The CHAIRMAN. The time of the gentleman has expired. The gentleman from Maryland, Mr. Sarbanes?

Mr. SARBANES. Thank you for, Mr. Chairman. Thank you, Mr. Secretary, for being here. We appreciate it.

Some of the questions you have been asked are, I think, based on a faulty premise, which is that environmental regulation and caution in terms of how we proceed with respect to potential impact on the environment is inherently inimical to economic development and jobs, when in fact there is a tremendous amount of economic benefit that comes from smart stewardship of our environment.

I mean, I come from a state obviously that places the Chesapeake Bay as a number one treasure, and I have become more familiar in recent months with a lot of the information about how valuable the Chesapeake Bay is to the economy of Maryland and the states in the Chesapeake Bay watershed.

I mean, I think the Chesapeake Bay watershed has been valued at $1 trillion in terms of what it generates for the economy. In terms of just the commercial seafood industry in Maryland and Virginia you are talking about $2 billion in sales, $1 billion in income, 41,000 local jobs. So, if we don't do the right thing by these kinds of natural resources that we have, we could also undermine tre-

mendous economic opportunity going forward, and I just wanted to put that on the record.

I am very concerned about the fact that we move carefully and smartly with respect to the development of this hydraulic fracturing process for extracting natural gas. I understand that it represents a real opportunity, as do you, and as does the Administration. Many regard natural gas as sort of the bridge from traditional dependence on fossil fuels of a certain kind to more renewable energy. So there is great potential there. There is great promise. But if that promise is as tremendous as it appears to be, we need to move I think in a deliberate and careful way and make sure that this practice is done properly and safely.

And if you look at the Marcellus shale, which is sort of the recent gold rush opportunity that is being viewed from the natural gas industry, the footprint it has over the Chesapeake Bay watershed is substantial. You are talking about New York, Pennsylvania, West Virginia, Virginia, western Maryland, parts of western Maryland, that are implicated by this potential. So we have to make sure that we are doing this in a smart and prudent way.

And I commend you for wanting to get more information about the process and, for starters, just what is in this composition of chemicals that goes into the process. And as I understand it, the agency is going to be insisting on more disclosure with respect to those chemicals and I hope also monitoring the effect of that on public lands. That can set a good standard for how the industry ought to operate across the board both on public lands and on non-public lands.

I do want to point out that the industry keeps asserting that there is all this evidence that hydraulic fracturing can't contaminate underground sources of drinking water, but very recently the EPA has released some data, based on some study, that it has been doing that in Wyoming, in Pavilion, Wyoming. That suggests that there is an aquifer there that has benzene levels—that is a known carcinogen—that were 50 times higher than what is considered safe in terms of the threshold, and they also found 2-butoxyethanol evidence there, which is another cancer-causing chemical in the drinking water. So this is a real potential harm that we have to be on the lookout for.

And I understand your testimony indicates the Department is evaluating whether it would be beneficial to amend existing requirements with respect to the management of water produced, sort of the wastewater produced from hydrofracking. I was curious when the Department is planning on making a decision on whether to amend the requirements with respect to wastewater. If you could just speak to that?

Secretary SALAZAR. Congressman Sarbanes, thank you for the question. First, let me say I do agree that I think we can both protect the environment and develop our oil and gas resources on public lands and other places in the country.

With respect to fracking and the timeline for us moving forward, we don't have a timeline. We are still in the process of gathering information and putting together what will be a proposed rule. But we have taken advantage of the information that we have gotten from stakeholders, including a summit that I had on hydraulic

fracking or a forum that I had on hydraulic fracking in the Department about a year ago, and so the pieces of it are still coming together.

There are three general subject areas. One is well bore integrity, the second is disclosure and the third would be dealing with what we call the flowback water issues. But no final decisions have been made, and there will be a continued process to bring in the input from the stakeholders.

Mr. SARBANES. Thank you.

The CHAIRMAN. The time of the gentleman has expired. The gentleman from Virginia, Mr. Wittman?

Mr. WITTMAN. Thank you, Mr. Chairman, Mr. Secretary, colleagues. Thank you so much for joining us today.

First of all, I want to thank you on behalf of the citizens of the Commonwealth for your work in protecting and preserving historic Fort Monroe there in Hampton, Virginia. That is I think a great example of a collaborative approach where folks get together, they see a need and that national monument designation now that will be put in place will allow us to preserve a very significant historic landmark there, and it also shows how we can come together and do what is best for our natural resources.

I am sure you agree that this is really a result of broad citizen support and also a bipartisan approach from both Federal, state and local officials, so it is a great opportunity there and it was highlighted. I think it is going to create jobs for the region and really it is a win/win situation.

If you look at that as an example, I think it sets the tone for what we can do with offshore gas and oil development. If you look there in Virginia, you see the same situation. You see broad citizen support. You see bipartisan support for development of oil and gas in the offshore region there off of Virginia. We think that is extraordinarily important as we go forward.

It was disappointing when the announcement came out on the 2012-2017 Outer Continental Shelf Oil and Gas Leasing Program that Lease 220 in Virginia was not included as part of that. As you know, by excluding that, that takes away, I think, an opportunity for us to responsibly develop our fossil fuels offshore there, and we all know that it has a significant economic impact, upwards of $20 billion annually and creates a number of significant jobs, a great infrastructure there in order to be able to support that.

I want to bring to your attention a letter from myself and other colleagues from the Virginia congressional delegation to ask you to reconsider that determination made on Lease 220. And, Mr. Chairman, without objection, I would like that to be entered in the record.

The CHAIRMAN. Without objection, it will be part of the record.

[NOTE: The letter submitted for the record by Mr. Wittman follows:]

Congress of the United States
Washington, DC 20515

November 15, 2011

The Honorable Ken Salazar
Secretary
US Department of the Interior
1849 C Street Northwest
Washington, DC 20240-0001

Dear Secretary Salazar:

For the past several years, the Commonwealth of Virginia has consistently engaged the United States Department of the Interior to express interest in being included in the Five Year Outer Continental Shelf Oil and Gas Leasing Program – known to many familiar with this issue as the Five Year Plan. Virginia's desire to be included in the Five Year OCS leasing process conducted by the U.S. Department of the Interior reaches back beyond the time when you became Secretary. We write to convey our disappointment with your recent release of a Five Year Plan that does not include Virginia.

In drafting the most recent attempt at a proposed Five Year Plan, the Department has noticeably paid little, if any, attention to the laws, goals and policies of the Commonwealth of Virginia – as expressed by our Governor, Virginia's General Assembly, and the majority of Virginia's Congressional Delegation in both the House of Representatives and the Senate. This runs contrary to the primary law governing the Department's duty to conduct a Five Year Plan – which specifically requires the Department consider the: "...laws, goals, and policies of affected States which have been specifically identified by the Governors of such States as relevant matters for the Secretary's consideration."[1]

To briefly review the history of Virginia's support: the Governor of the Commonwealth of Virginia has communicated to you his desire for future OCS leasing off the coast of Virginia; the majority of Virginia's Congressional Delegation has communicated to you in both written form and in meetings their support for allowing Virginia to have offshore energy development; the House of Representatives has passed legislation in this session of Congress to move forward on Lease Sale 220; both the House and the Senate have legislation awaiting consideration that requires the Department of the Interior to move forward with Lease Sale 220; Virginia's General Assembly has passed legislation that has been signed into law that is in favor of offshore energy

[1] 43 U.S.C. § 1344(a)(2)(F)

development in Virginia; and finally, the last Five Year Plan noted that of the public comments received, over 79% of Virginian's who supported some form of offshore access. The laws, goals, and policies of the Commonwealth of Virginia are crystal clear: allow Virginia to move forward with offshore energy development.

Given the broad support listed above, it is astonishing that you have put forward a Five Year Plan that locks up Virginia's coastal waters from future offshore energy development – directly ignoring the resolve of the majority of Virginians on this issue. It has taken Virginia years to be included in a Five Year Plan and was proud to be the first new area on the Atlantic Coast with the potential for offshore energy development. As a result, Lease Sale 220 could have taken place as early as this year if it were not for the Administration cancelling the sale last year.

In 2009, API estimated that roughly 143,000 jobs in Virginia were supported by the oil and natural gas industry – contributing roughly $12 billion to our Gross State Product. There is no doubt that safely developing energy off Virginia's shores using American-made technology to ensure the utmost safety would lead to significant job creation in Virginia and nationwide. Now, because Virginia is not included in the recent released proposed plan, it will be years until Virginia may once again realize the possibility of offshore energy development – and the thousands of jobs that could be created as a result.

We write to you again to ask that you reconsider your decision and include the Commonwealth of Virginia in the Fiscal Year 2012-2017 Five Year Outer Continental Shelf Oil and Gas Leasing Program. Virginia's resolve in support of offshore energy development is unchanged and it is our hope that the U.S. Department of the Interior will adhere to federal law and respect the laws, goals and policies of the Commonwealth on this matter. We look forward to hearing from you on this important matter.

Sincerely,

Robert J. Wittman Eric Cantor

The Honorable Ken Salazar
November 15, 2011
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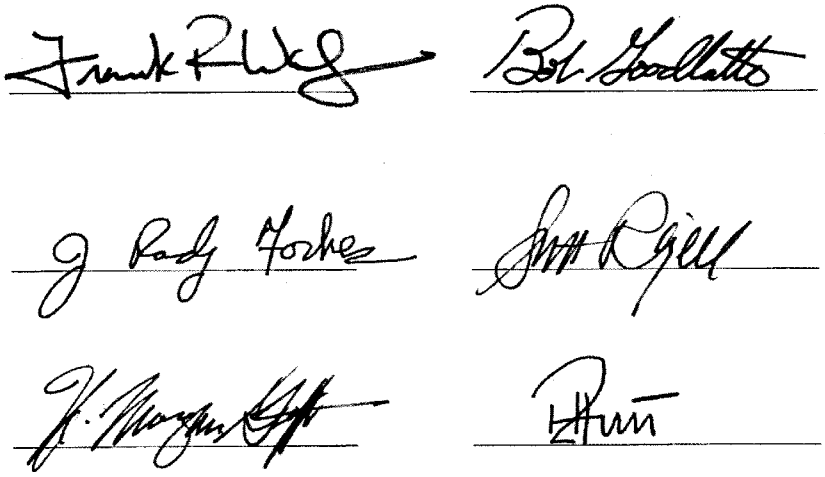

Mr. WITTMAN. I want to ask this. As you look across the board with that broad bipartisan support, you look at the Governor of Virginia, the Virginia legislature, local officials, state officials have all said let us go forward with Lease 220, and we have seen citizens in the area too. With that widespread support, I am wondering why the Department determined not to go forward with this in the 2012-2017 plan, and I want to get some of your reasons behind that.

I also look too at some of the other reasons given in the report as to why some of the other areas were opened up, such as in the Pacific, and it talked about the broad support there with local and state governments as a reason that those areas were going to be opened up. I am wondering if the broad support there in Virginia is less of a factor in making a determination than broad support elsewhere when these determinations were made? I would like to get your perspective on that.

Secretary SALAZAR. Thank you very much, Congressman Wittman. Let me just say that I appreciate the work that you do on the Migratory Bird Conservation Commission. You have been a leader in conservation with Congressman Dingell and with Senator Cochran as well as with Senator Pryor, and I appreciate the time that you spend advancing the conservation agenda for hunters and anglers in the United States of America.

With respect to Lease Sale 220 in Virginia, let me say that since two years ago we have developed additional information from the Department of Defense that shows that there are significant conflicts between oil and gas development and the military needs within the triangle that was included in the Lease Sale 220.

And so our view is that we need to continue to develop additional information to see if we can deconflict the important mission of supporting the defense and military needs of our country, which is also so important not only to the country but to Virginia, and at the same time look at developing additional information on the Atlantic with respect to its oil and gas potential. But it is really, at this point in time, in large part the conflict issues that were raised by the Department of Defense with respect to Lease Sale 220.

Mr. WITTMAN. Well, let me ask this then. As the discussion takes place not only about offshore gas and oil development but also about wind development offshore, the discussions have taken place on both about potential interference.

It seems that there is an accelerated discussion on the wind side but not the same effort there on the oil and gas development side. I would say that both of them obviously are issues that we need to address with the Navy and other branches, but that they ought to both be pursued at the same time. I think both of the conflicts are very, very similar, and to me they ought to be able to be taken up and those issues taken care of in a fairly timely manner.

It seems like spreading this out over another five years is less than what we are capable of. We are capable of sitting down and getting those things done. I have spoken with the leadership in the Navy who have said that they want to aggressively pursue those discussions to make sure we get to a point to make sure that we develop all of the potential in that Outer Continental Shelf.

The CHAIRMAN. Real briefly, Mr. Secretary, if you want to respond to that.

Secretary SALAZAR. You know, I don't have a disagreement with respect to making sure that we are being, as Bob Abbey often says, smart from the start, including in the Outer Continental Shelf, and so our work with the Department of Defense and the Navy will give us significant additional information with respect to not only Lease Sale 220, but also the seismic work that we are moving forward with will give us additional information on the Atlantic.

The CHAIRMAN. The gentleman from Georgia, Mr. Broun, is recognized.

Dr. BROUN. Thank you, Mr. Chairman.

Mr. Secretary, the Environmental Protection Agency has proposed and is in the process of enacting regulations targeting traditional, inexpensive sources of energy. Utility MACT, Boiler MACT, GHGs and CSAPR are among the more recent and well-known examples which will result not only in an increase in energy cost but result in more natural gas being used for power generation and for industrial manufacturing. Are these rules a factor when considering access for natural gas production, and if not, why?

Secretary SALAZAR. I would refer those questions to Administrator Jackson in terms of the EPA. Our own view is that there will be a robust demand for natural gas.

Dr. BROUN. Sir, what I am asking, and I apologize for interrupting you, but please answer my question. Are you and your Department considering the EPA rules? Is there any communication between you and the EPA on the rules that they are trying to enact, the regulations that they are trying to enact, which are going to reduce production of inexpensive energy? As you all look

at energy production, particularly for natural gas or for oil or anything else, are you having communications with the EPA on considering their rules and regulations that they are enacting on energy producers as well as the resource development? Are you considering or communicating with EPA in any way on this?

Secretary SALAZAR. Let me say that we look for ways in which we can work with EPA to solve problems. So, for example, on a major project in Utah, the Greater Natural Buttes Gas Project, we put together a best practices program that included EPA and Anadarko, the developer in that area.

As a result of those best practices solutions, we are going to be able to protect the environment, and the company is going to be able to move forward with development of in excess of 3,000 wells.

Dr. BROUN. Mr. Secretary, you didn't answer my question. Do you consider those regulations and do you have any communication with EPA as you look forward to development of energy resources that are under your jurisdiction?

Secretary SALAZAR. We have communications with EPA, but we also recognize that EPA has its own authority, and Administrator Jackson abides by the law and is moving forward in implementing her responsibilities at her Department.

Dr. BROUN. If these interagency communications do indeed take place, would you agree that it is the apparent policy of this Administration to increase the cost of energy and to dramatically limit domestic access to those energy resources?

Secretary SALAZAR. I would disagree with that, Congressman Broun. I believe that when you look at what we have done in terms of moving forward with a robust energy portfolio for the United States of America, I think the facts speak for themselves.

Dr. BROUN. Well, Secretary, I disagree with you on that regard.

Secretary SALAZAR. I am surprised.

Dr. BROUN. Well, the thing is what it appears to me is that the policies of this Administration are increasing the cost of all energy production. We are not having the access to an all-of-the-above energy policy that will allow us to develop natural gas, oil, clean coal technology as well as alternative forms of energy.

I see very little communication between agencies, between your agency as well as EPA. I see the EPA making rules without consideration to the economic cost and even utilizing what appears to me to be junk science in forming their regulations, and so what I see coming not only from EPA but also your Department are policies that are going to drive up the cost of all goods and services because energy costs are going to go up.

I think it is absolutely disastrous. It is going to cost thousands, if not millions, of jobs. It is going to hurt our economy, and I highly recommend that you communicate with EPA, you take into consideration these human elements of jobs and economy as you all go forward in developing——

The CHAIRMAN. Would the gentleman yield?

Dr. BROUN. Certainly.

The CHAIRMAN. It seems to me the line of questioning that you are pursuing is very important because the response of the Secretary was that both agencies have the responsibility. The real collision course, potentially, is the issue of American job creation and

American energy production as it relates to what EPA's influence is, and that seems to be a conflict.

I think your line of questioning, and correct me if I am wrong, was very simply how is the interaction between Interior and EPA and, for lack of a better word, what is supposed to be the trump card as to what the policy is? Is that a fair way to characterize what your statement was?

Dr. BROUN. Absolutely, Mr. Chairman. And the answer I got from the Secretary does not give me any confidence that there is any communication.

The CHAIRMAN. Mr. Secretary, in that line of questioning, if you could respond back to us in writing on that, the Committee would be very appreciative of that.

Secretary SALAZAR. I will do that. And if I may just make a comment here in response to Congressman Broun, Mr. Chairman?

The CHAIRMAN. Yes.

Secretary SALAZAR. We work closely with EPA on a number of different issues. They have their own legal authority, but I will give you two examples where we have worked very closely. I mentioned the one in Utah where we are moving forward with natural gas development in a place that had been stalled because of litigation because of the best practices programs that we have put together. With respect to many other issues, including the issue of hydraulic fracturing, we have continued dialogue with EPA on what we are doing and what they are doing and so there is a tremendous amount of coordination that does in fact occur.

The CHAIRMAN. The gentleman from Louisiana is recognized.

Dr. FLEMING. Thank you, Mr. Chairman.

Mr. Secretary, as you know, I represent Louisiana, northwest Louisiana, the area of the Haynesville shale. Just to give you an idea of the impact that has had on us, we have had an increase of close to 58,000 jobs just in 2009 alone, and from 2008 to 2009 exploration companies invested over $11.5 billion and generated $642.3 million in state tax revenue. Tremendous job impact. Tremendous economic impact. We are talking about of course natural gas shale formations, hydrofracking, which is necessary. That is the only way we can get it out economically.

Hydrofracking has been around for 60 years. The EPA took a look at it in 2005, found absolutely no problems with it. It is under regulation in my state by DEQ. We have 10 to 20 regulators moving about constantly to make sure all the right things are done. If there is a need to find out what is in the hydrofracking fluid, I have no problem with that being provided if needed.

Are you, sir, aware of any deaths or serious injuries to humans as a result of the hundreds of thousands, if not millions, of episodes, over the 60 years of hydrofracking that has been performed?

Secretary SALAZAR. No, I am not.

Dr. FLEMING. And do you, sir, know? Can you tell me what is the depth of the typical aquifer, that is, the water supply that is in the ground?

Secretary SALAZAR. I think across the country you would find a great variance, and it will depend on the area that you are doing the drilling. I understand very much that the zones that are the

hydrocarbon producing zones that produce natural gas are generally below the water supply zones for domestic usage.

Dr. FLEMING. Right.

Secretary SALAZAR. And so that is why issues like well bore integrity are so important as we move forward.

Dr. FLEMING. Well, I am glad you mentioned that. How many levels of casing is around a typical drilling rig in order to protect the drill hole from the aquifer itself?

Secretary SALAZAR. Let me defer on that question to Director Abbey to see if he knows the technical answer.

Mr. ABBEY. Well, I don't know the technical answer, but I do know that the Bureau of Land Management is quite firm——

Dr. FLEMING. Wait. Let me interrupt you——

Mr. ABBEY. OK.

Dr. FLEMING.—because I have more questions.

Mr. ABBEY. OK.

Dr. FLEMING. These are very simple questions. How deep is an aquifer? It is about 1,000 feet, gentlemen. This is something that you guys should know.

Mr. ABBEY. Well, the aquifers vary from region to region.

Dr. FLEMING. Yes, but they are approximately in that range. How deep do we drill when we get down to the shale? How deep is that typically?

Mr. ABBEY. Well, in some cases, it is as deep as 4,000 feet.

Dr. FLEMING. OK. Two miles is actually more like it. So the point being that the aquifer, the water supply itself, is way up at the surface of the earth and all the activity where the hydrofracking fluid is, which, by the way, is 99.5 percent water and sand, is below the surface by about two miles protected by rock formation. So I think that it is very easy to understand why no one has had serious harm as a result of it.

We can speculate. We can talk about hypotheticals all the time, but the point here is it is a regulated industry. It is producing inexpensive energy and doing a great job. It is not harming people. And certainly I would say that the Solyndra affair has harmed more people than hydrofracking has in 60 years.

So I am really at a loss to understand why now the Interior Department has got to jump in and begin regulating this. By the way, sir, the rules have been promised to us and yet to come out, but everything that the Interior Department touches—and we will get on the OCS a little later, I have questions about that—causes delay and higher cost of production.

So why is it now that in view of all this that I have stated, why do now we now have to go out and add more red tape, more regulations when this country is in desperate need of jobs, good paying jobs, and lower energy costs?

Secretary SALAZAR. Congressman Fleming, I appreciate the question, and I respectfully disagree with your conclusions. The fact is that we believe that natural gas is a very important part of our energy portfolio for the future. We also believe that disclosure is something that needs to be looked at so that we don't end up creating a circumstance where we see moratoria created throughout the United States where we have natural gas development. Well

bore integrity is essential in order to be able to assure that we don't have water quality contamination.

Dr. FLEMING. Sir, you don't even know how many layers of casing go around a typical drill, so if the very top level doesn't know the very basics of the technology, why is it that you somehow feel you can insinuate yourself into the process?

Secretary SALAZAR. Congressman Fleming, having dealt with a lot of oil and gas wells, including the Macondo well, there was a huge question about well bore integrity on that particular well. It is a question that you face with every single well that is drilled.

And so the industry knows about well bore integrity and that we require well bore integrity. And having that being a part of what we do as a regulator is something that we are examining. We have not yet reached a conclusion, but we support natural gas development here in the United States.

Dr. FLEMING. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The time of the gentleman has expired. The gentleman from Colorado, Mr. Coffman?

Mr. COFFMAN. Thank you. Thank you, Secretary Salazar, for attending this hearing on the future of oil and gas development on Federal lands. As a Member from Colorado, I am sure you understand how I often hear from my constituents. I think you were in my shoes once in a related role.

The valuable 8.4 million acres of land in Colorado controlled by the Bureau of Land Management are subject to a litany of Federal regulations that have gone well beyond their purpose of protecting lands that have become economically burdensome. Every day I receive correspondence regarding the frustrations my constituents have with BLM and the land use regulations that hamper or suspend otherwise viable mineral and energy development.

Under the Obama Administration, these restrictions have only inflamed an already tough situation while burdening an economy with an in-state unemployment rate of 8.3 percent. This committee has developed several proposals that not only relieve restrictions on Federal lands to promote energy production, environmentally responsible energy production, but have also crafted policies that will aid in both our deficit crisis and bringing down our high unemployment rate.

If this Administration is serious about solving these problems, then I would think it would be more proactive in working with the Natural Resources Committee. However, the Members of this committee and I are continuously turned back by the policies of the Department of the Interior and the President's Administration that not only add to the regulatory burden for domestic energy production—I am sorry. That only add to the regulatory burdens for domestic energy production.

We could create jobs, move toward energy independence and increase Federal revenues if we allowed development to take place. This is no more apparent than in the recent decision by President Obama and the State Department to delay the Keystone XL Pipeline project. However, this is ill-advised, and this is really a purely political decision by the President that will do more than just economic harm, but it will have a grave national security implication as well.

I was saddened that President Obama was persuaded in his decision not by the economic benefits of the project but by far left environmental interest groups. While the President waits until after the election in November of 2012, millions of Americans are looking for work now. The pipeline decision has two very important impacts on Americans, both on national security and the future viability of our economy.

First, as a Marine Corps combat veteran, I believe it is imperative we take into consideration the national security implications of our energy policy. The United States currently imports roughly half—50 percent—of the petroleum we use, and the Natural Resources Committee has been on the forefront of trying to curb this dangerous dependence on foreign oil by crafting logical domestic energy policies during the 112th Congress. Like many of the proposals my colleagues and I have put forth in this committee, the Keystone Pipeline project would help our nation reduce our dependency on sometimes hostile foreign sources of energy.

In 2010 alone, the United States imported over one trillion barrels of oil to the United States from OPEC countries, many of which have unstable governments. While I fully support greater American production, this pipeline is not only in our nation's best interest for national security but economically beneficial to us as well. By increasing oil imports from Canada, a secure, stable and longstanding friendly neighbor, the United States will have less to import from volatile, unstable regimes overseas.

Second, many of my constituents and some of your former ones are looking to Congress for leadership. The national unemployment rate is 9.1 percent, and there is very little proof this number will improve in the coming months. That is why it is so discouraging to see that President Obama and the Department of the Interior have been so obstructionist when it comes to domestic energy and mineral development.

Instead of working with the Natural Resources Committee, your Department has been making misleading statements about your energy record. You continue to praise the amount of production and revenue that comes from oil and gas development on public lands, but the BLM has not approved a major oil and gas NEPA project on public lands in the West since 2010. In your opinion piece in Politico on Monday, Mr. Secretary, you mentioned that onshore oil production from public lands has increased 5 percent.

The CHAIRMAN. Can you finish up real briefly, real quickly if you would?

Mr. COFFMAN. Thank you, Mr. Chairman. I would like to enter my statement in the record.

[The prepared statement of Mr. Coffman follows:]

Statement of The Honorable Mike Coffman, a Representative in Congress from the State of Colorado

Thank you, Secretary Salazar, for attending this hearing on the matter of the future of oil and gas development on federal lands. As a Member from Colorado, I'm sure you understand how often I hear from constituents. The valuable 8.4 million acres of land in Colorado controlled by the Bureau of Land Management are subject to a litany of federal regulations that have gone well beyond their purpose of protecting lands and have become economically burdensome. Every day I receive correspondence regarding the frustrations my constituents have with BLM, and the

land use regulations that hamper or suspend otherwise viable mineral or energy projects.

Under the Obama Administration, these restrictions have only inflamed an already tough situation while burdening an economy with an in-state unemployment rate of 8.3%. This Committee has developed several proposals that not only relieve restrictions on federal lands to promote energy production, but have also crafted policies that will aid in both our deficit crisis and bringing down our high unemployment rate. If this Administration is serious about solving these problems then I would think it would be more proactive in working with the Natural Resources Committee. However, the Members of this Committee and I are continuously turned back by the policies of the Department of the Interior and the President's Administration that only add to the regulatory burden for domestic energy production. We could create jobs, move towards energy independence, and increase federal revenues.

This is no more apparent than the recent decision by President Obama and the State Department to delay the Keystone XL Pipeline project. However, this ill-advised and purely political decision by the President will do more than just domestic economic harm, but it will have grave national security implications as well. I was saddened that President Obama was persuaded in his decision not by the economic benefits of the project, but rather by far left environmental interest groups. While the President waits until after the election in November of 2012, millions of Americans are looking for work now.

The Pipeline decision has two very important impacts on Americans; both on national security and the future viability of our economy.

First, as a Marine Corps combat veteran, I believe it is imperative that we take into consideration the national security implications of our energy policy. The United States currently imports roughly 50% of the petroleum we use and the Natural Resource Committee has been on the forefront of trying to curb this dangerous dependence on foreign oil by crafting logical domestic energy policies during the 112th Congress.

Like many of the proposals my colleagues and I have put forth in this Committee, the Keystone Pipeline project will help our nation reduce our dependency on sometimes hostile foreign sources of energy. In 2010 alone, the United States imported over one trillion barrels of oil to the United States from OPEC countries—many of which have unstable governments. While I fully support greater American production, this pipeline is not only in our nation's best interest for national security, but economically beneficial as well. By increasing oil imports from Canada, a secure, stable and longstanding friendly neighbor, the United States will have less to import from volatile, unstable regimes overseas.

Secondly, many of my constituents—and some of your former ones—are looking to Congress for leadership. The national unemployment rate is 9.1% and there is very little proof this number will improve in the coming months. That is why it is so discouraging to see that President Obama and the Department of the Interior have been so obstructionist when it comes to domestic energy and mineral development. Instead of working with us in the Natural Resources Committee, your Department has been making misleading statements about your energy record. You continue to praise the amount of production and revenue that comes from oil and gas development on public lands, but the BLM has not approved a major oil and gas NEPA project on public lands in the West since 2010.

In your opinion piece in Politico on Monday, Mr. Secretary, you mentioned that on shore oil production from public lands has increased 5% from fiscal years 2009 and 2010 under the Obama Administration. However, this claim is completely disingenuous because the stated increase is due to leases sold during the Bush Administration. In fact, under President Obama, leases have decreased from 2,416 in 2008 to 1,308 in 2010; a reduction of 1.3 million acres leased for production and the lowest onshore acreage leased since 1984.

Sec. Salazar, the Keystone XL Pipeline project, like many of the proposals developed in the Natural Resources Committee, would generate increased economic activity. Keystone would deliver an estimated 700,000 barrels of oil a day, employ 20,000 direct construction workers, generate $20 million in domestic spending and lessen the precarious hold foreign nations have on us in with regards to energy. Having traveled to the Middle East on four separate occasions courtesy of the United States Marine Corps, the last issue is of particular importance to me.

So let me ask you, Secretary Salazar, what plans—and the analysis used for those plans—if any, does your Department have to supplement the loss of production, jobs, revenues and safety this delay will have? I would like for you, Mr. Secretary, to develop and send back to me and this Committee a written response directly addressing these questions.

My colleagues and I look forward to your response and your plan to replace the losses the Keystone XL delay will cause. Thank you, I yield back.

Mr. COFFMAN. And, Mr. Secretary, if you could submit this for the record since I was too long? Mr. Secretary, what plans and the analysis used for those plans, if any, does your Department have to supplement the loss of production, jobs, revenues and safety this delay will have?

I would like for you, Mr. Secretary, to develop and send back to me and this committee a written response directly addressing these questions.

The CHAIRMAN. If you would do that? If you would do that, Mr. Secretary, it would be very appreciative since we did go over time on that one.

The Chair recognizes the gentleman from Florida, Mr. Rivera.

Mr. RIVERA. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for being here. It was great seeing you down south in my district, in the Everglades, and thank you for all of your efforts on Everglades restoration.

I would like to ask you about an issue that I think not only impacts—it certainly impacts the ecosystem in South Florida, but perhaps in the southeast region of the United States, and that is oil drilling off the coast of Cuba. It is my understanding that in order for a foreign government owned company to operate in the U.S. and bid on leases in the U.S. they must first be incorporated in the United States. Is that correct?

Secretary SALAZAR. I don't know the answer to that question.

Mr. RIVERA. OK. Well, recently my staff contacted the Bureau of Ocean Energy Management and the Bureau of Land Management to try to get a list of all foreign government owned companies that have leases in the United States. They were surprised to learn that the Department doesn't keep a database of what companies are foreign government owned. The foreign government owned companies are just mixed in with the regular, privately owned companies. So I believe it would be useful to at least be able to track these companies and what government owns them. Could you help me with that, get that information?

Secretary SALAZAR. We will. Let me ask whether Director Abbey or Beaudreau have any information on that question.

Mr. BEAUDRAU. It is correct that in order to obtain a Federal OCS lease a company needs to be registered in the United States through the relevant State Department——

Mr. RIVERA. Perfect. That is OK. I just want to make sure that I can get the information on the foreign government owned companies. If you could help me with that?

Mr. BEAUDRAU. Yes.

Mr. RIVERA. That would be helpful. Thank you. A few months ago, I believe in June, you were in Spain and spoke to Repsol officials regarding their proposed drilling plans in Cuban waters. Is that correct, Mr. Secretary?

Secretary SALAZAR. That is correct.

Mr. RIVERA. And in that meeting or in any other meetings you have had with Repsol officials did a topic come up to reiterate U.S.

policy on doing business with state sponsors of terrorism or have any discussions to discourage their actions in Cuba?

Secretary SALAZAR. You know, our focus, Congressman Rivera, has been to make sure that we do everything within the legal boundaries that we can operate in to protect the environment and the people of the United States.

Mr. RIVERA. So I would assume that to mean more of a cooperative effort to make sure and protect the people of the United States, which is important to make sure and do every possible measure to do that. But you are telling me nothing was ever done by you to discourage their participation in collaborating with a state sponsor of terrorism in those offshore oil drilling efforts?

Secretary SALAZAR. We do not have authority over other countries on what they do with respect to their Outer Continental Shelf——

Mr. RIVERA. I understand that. You can't stop them, but did you ever try to discourage them?

Secretary SALAZAR. Our program, Congressman Rivera, has been to make sure that we do everything we can within our legal power to make sure that we are protecting the people and the environment of the United States.

Mr. RIVERA. OK. Well, let us talk about the legal power. Did you ever bring up having the Bureau of Industry and Security also be allowed to inspect the rig to ensure that the Export Administration Act and the Export Administration Regulations 10 percent de minimis U.S. content rule were being respected, speaking of legal authority? Has that issue ever come up?

Secretary SALAZAR. Congressman Rivera, this is an issue where the State Department and other agencies have the lead and we are participating because of our expertise, but I do not know whether those conversations took place and I don't have an answer to your question.

Mr. RIVERA. OK. Well, recently colleagues of mine here, along with Chairman Ileana Ros-Lehtinen, sent a letter to the President regarding this issue. Mr. Chairman, with your permission, I would like to ask that that letter be submitted for the record.

The CHAIRMAN. Without objection, it will be part of the record.

[The letter submitted for the record by Mr. Rivera follows:]

Congress of the United States
Washington, DC 20515

November 1, 2011

The Honorable Barack Obama
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

We are extremely concerned over what seems to be a lack of a coordinated effort by the Administration to prevent a State Sponsor of Terrorism, just 90 miles from our shores, from engaging in risky deep sea oil drilling projects that will harm U.S. interests as well as extend another economic lifeline to the Cuban regime.

Spain's state-owned energy company, Repsol, has entered into an agreement with the Cuban regime to drill off Cuba's coast. A Chinese-built deep water oil rig will be used for this project – the Scarabeo 9. Despite the fact that the oil rig has not reached Cuban territorial waters, or the Western Hemisphere for that matter, the Department of Interior has been actively providing assistance, guidance, and technical advice to Repsol. This is inconsistent with numerous U.S. foreign policy and national security objectives with regards to Cuba.

The Trading with the Enemy Act (TWEA) as implemented by 31 C.F.R. § 515.201, prohibits certain transactions involving property in which Cuba or a Cuban national has any interest whatsoever, directly or indirectly. The support that the Department of Interior is providing to Repsol appears to be in contravention of TWEA, as such assistance will result in a financial windfall to the Cuban regime. It may also facilitate processes that could lead to an environmental disaster off U.S. shores and the greater Caribbean.

The Director of the Bureau of Safety and Environmental Enforcement for the Department of Interior at a recent Senate Energy and Natural Resources Committee hearing, indicated that Interior, in coordination with the U.S. Coast Guard, will conduct an examination of the rig just before it enters Cuban waters. However, in conjunction with this examination, we request that the Department of Commerce's Bureau of Industry and Security (BIS) also be involved and conduct its own review and inspection to ensure that no U.S. laws or regulations are being violated, including the TWEA and the Export Administration Act (EAA).

We are concerned by reports that the Scarabeo 9 may have been designed specifically to avoid U.S. economic sanctions against Cuba. While the EAA and the Export Administration Regulations (EAR) generally prohibit virtually all exports and reexports of U.S. – origin goods, software and technology to Cuba, we need clarity on how the Administration is applying the sanctions and EAR to foreign produced items incorporating 10 percent or less controlled U.S. content.

According to press reports, the Scarabeo 9 includes a U.S. origin blowout preventer and may contain other controlled, U.S. origin items, and possible advanced computer software that may be in violation of EAR section 734.4, the de minimis U.S. content rule regarding technology found on this structure. What information or assurances has the Administration sought or received from Repsol to ensure that the oil rig complies with existing U.S. sanctions against Cuba?

Recently, your Administration announced a settlement with a Texas company, Flowserve, for alleged violations stemming from transactions that included, among others, the exports of pumps, valves, and related component parts and supplies from the United States indirectly to Iran. According to the Federal Register notice, several of Flowserve's foreign affiliates engaged in transactions involving property in which Cuba or a Cuban national had an interest. The company has agreed to remit $2.5 million to BIS to settle apparent violations of the EAR arising from the same course of conduct. We would appreciate additional information about this matter to learn what U.S. oil drilling or related technologies may have made their way to Cuba and if any of this technology could be used for the Scarabeo 9 project.

The Export Administration Regulations clearly state that the only items allowed to be exported to Cuba are donations of medical equipment, agricultural exports, and telecommunications equipment. Thus, even if the de minimis rule does not apply, the broader prohibitions against exports to Cuba must still be enforced.

We are concerned that sensitive U.S. technology can fall in the hands of a regime that supports terrorism and as such, this Committee would appreciate a response to the matters raised in this letter as soon as possible.

Thank you very much for your attention to this matter.

Sincerely,

ILEANA ROS-LEHTINEN
Member of Congress

ALBIO SIRES
Member of Congress

MARIO DIAZ-BALART
Member of Congress

DAVID RIVERA
Member of Congress

Mr. RIVERA. Thank you. I think it is of great concern by the lack of effort in this Administration, whether it be your agency, State Department or anyone else, that no effort has been made to prevent a state sponsor of terrorism to drill approximately 60 to 70 miles off of Florida's coast and providing economic aid and comfort to the dying Castro dictatorship.

And I hope that in the future the Administration will do everything to make sure that companies comply with sanctions that apply to businesses that do cooperate with sponsors of state terrorism by perhaps in your agency withdrawing leases on Federal lands and waters. That could be a start to certainly send a signal that this type of activity is certainly frowned upon, collaborating with terrorist regimes.

Finally, Mr. Chairman, I would like to draw attention with my colleagues to legislation I have introduced with Congressman Ros-Lehtinen and Congressman Diaz-Balart and Representative Sires, the Foreign Oil Spill Liability Act, that would apply the same Oil Pollution Act responsibilities and liabilities and Clean Water Act

penalties that a domestic responsible party would face to a foreign responsible party for a spill that pollutes U.S. waters and beaches. The penalties and liabilities would be triple. Currently the burden is much lower on foreign spillers, forcing the American taxpayer to cover the cleanup costs.

Members can contact my office if they wish for more information on that legislation. That is all I have. Thank you, Mr. Secretary.

The CHAIRMAN. I thank the gentleman, and his time has expired. The Chair recognizes the gentleman from Texas, Mr. Flores.

Mr. LAMBORN. Here, this one works.

Mr. FLORES. All right. Well, I am just going to yell. Secretary Salazar, Director Abbey——

The CHAIRMAN. I would ask, Mr. Flores, move to a microphone so we can pick this up since we have——

Secretary SALAZAR. You could always move to this side, Congressman Flores.

Mr. FLORES. One of the things to note is there is lots of room over there.

The CHAIRMAN. I would discourage that, however.

Mr. FLORES. Well, don't worry. I won't do that. Secretary Salazar, Director Abbey and Director Beaudreau, thank you for joining us today. I have several questions. I will get through these as quickly as I can. I would like to start out by asking the staff to put up a chart that has lead times for leasing and drilling and production.

[Chart.]

Mr. FLORES. And while we are waiting on that, let me read to you what OCSLA specifies in terms of leasing plans. It says a leasing plan is supposed to, and I quote, "best meet national energy needs for the five-year period following its approval or disapproval."

Now, if we look at this chart up here, there are two red diamonds and a green diamond at the operable time points to look at. If you see up toward the left-hand side of the chart, you will see the red diamond says Lease Sale. Then if you drift down about four and a half years to the middle of the chart, you will see a green diamond that shows where a discovery is made, and then if you go down to the lower right-hand corner of the chart, you will see a red diamond that shows when first production begins.

The average time period from the lease sale to the first production is nine and a half years, so for this Administration to take credit for a 30 percent increase in oil production I think goes beyond the pale. But this is important because it leads into the next part of the question.

Bonus revenues are the direct indicator of lease sale activity. In 2008, our bonus revenues to the Federal Government were $9.7 billion. Last year it was about $1.2 billion, and this year it is less than $100 million. Now, in light of that and this chart, what does the Department of the Interior project that oil production is going to be from the offshore in light of your new lease sale?

And then we will drill into that a little further. What is it going to be in terms of employment activity, oil and gas prices, GDP impact, things like that? What economic analysis do you have that

backs up your proposed leasing plan, particularly with respect to production?

Secretary SALAZAR. Congressman Flores, under the Outer Continental Shelf Lands Act there are a number of different factors and considerations that have to be taken into account, and the energy needs of the Nation are one of those factors that we do take into account.

We see robust production going on in the Gulf of Mexico today. That is production that has been coming on line and will continue to come on line, and our expectation is that with 12 additional lease sales in the next five-year period in the Gulf of Mexico that we will see robust production, especially with the kind of discoveries that are being made. We are making additional lease sales, additional acreage available, in order to continue that development.

Mr. FLORES. Do you have any production numbers, production estimates that you can share?

Secretary SALAZAR. Let me ask Director Beaudreau. We probably do. Tommy?

Mr. BEAUDRAU. Yes. The EIA puts out production estimates that speak for the Administration in terms of production forecasts.

Mr. FLORES. I am going to run out of time here. Have they baked in the last lease sale plan?

Mr. BEAUDRAU. No, they haven't baked in the last lease sale plan, but what they do reflect is projections both offshore and onshore based on areas under current production with——

Mr. FLORES. OK. Well, what we need to do is, to the extent you can put this together, I would like to see an analysis that bakes in the current lease sale plan because that is important since the rubber meets the road in terms of production, and lease sales, as you can see from this chart, are the ultimate prerequisite to production from public lands and public waters.

I want to go through sort of area by area on the approach that was taken of putting together this plan. In Alaska, it says that there are single sales in each of Beaufort and Chukchi to take into account the significant inventory of yet undeveloped leases in frontier areas. Now, just in a couple of words, why are those areas undeveloped today?

Secretary SALAZAR. They are undeveloped, frankly, because there is not the infrastructure up there to develop them and the findings have not been made at this point in time to be able to move forward with that full term development.

Mr. FLORES. Or it could be permits, right? It could be permits too? For instance, Shell has been trying for years to get a permit in Chukchi Sea and can't get it from the EPA, so our Federal Government is causing that problem. That is why it is undeveloped.

Let us go to the next one. In the Pacific, it says areas off the Pacific coast are not included in the proposed program, which seeks to accommodate the recommendations of Governors of coastal states and state and local agencies, an important priority established by OCSLA, right?

OK. Off the Pacific we paid attention to the Governors and local interests that said we don't want you to drill here and so you said OK, we are not going to drill here, right?

Secretary SALAZAR. That is one factor. It is an important OCSLA factor. There are other factors involved as well.

Mr. FLORES. OK. Now let us move to the Atlantic. In the Atlantic it says a number of specific considerations supported the Secretary's decision to not include these areas, including lack of infrastructure, blah, blah, blah.

Now Virginia has specifically said we are ready to go, we would like to drill. Now the reason that was given is, and let me put this in sort of a real estate developer's terms. I am going to go develop a new subdivision, and you are saying that because the developer hasn't put in the streets and sewer systems and so forth we are not going to sell them the land. That doesn't make sense. That is backwards. You have to have the leases as a prerequisite before any of the infrastructure is there, right?

Secretary SALAZAR. Congressman Flores, the reality of Virginia is what I spoke to with Congressman Wittman in his questioning, and that is that you have very significant conflicts with the military needs, which are so important to the country. We are not going to do anything that is going to step back on supporting the needs of the Navy.

Mr. FLORES. OK.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FLORES. Thank you for the 10-minute grace.

The CHAIRMAN. Yes. The Chair recognizes the gentleman from Louisiana, Mr. Landry.

Mr. LANDRY Thank you, Mr. Chairman.

Mr. Secretary, I want to commend you and thank you and your staff for getting involved and helping me get a meeting down in the regional office in New Orleans because I believe that it is important for Congress. It is Congress's role to regulate the regulator, and so I appreciate you getting involved and seeing that it is important to allow congressmen to go down there and visit the regional offices and so forth, so I thank you.

I don't know if you had a chance to read The Wall Street Journal today because there was an article that said that crude cruises just shy of $100. If you read through the article, you will see that the reason that crude prices are escalating, according to The Wall Street Journal, which is a periodical that Director Bromwich liked to use about a month ago in telling us that the Gulf was back to work, says that the reason that crude prices are up is that domestic supplies are on their way down. They are predicting that domestic production—I am sorry, domestic production—is on the decline.

You see, last year I sent out a comment that I don't think the Administration understands. You can't turn the oil and gas industry on and off like a light switch, and I think that this article is one of many that are going to start to prove that I am right and prove that your guys are really putting us in a precarious situation because if oil is at $100 a barrel today, OK, when we are at the slow driving season, when gasoline prices start to decline, God help us in May and June and July, which of course is at the time when your boss is going to be running, which I think he is very sensitive to. So I think that this is an opportunity for us to recognize that we have to increase our production and open up some additional areas.

Now the lease sales can create significant revenue for the Federal Government. We have heard that. What kind of impact would Lease Sale 222 if allowed to move forward make on our economy, on our demand for energy in this country?

Secretary SALAZAR. Lease Sale 220 in Virginia?

Mr. LANDRY No, no. Yes. 222 I think it is.

VOICE. 222 is the eastern Gulf.

Secretary SALAZAR. 222 or 220?

Mr. LANDRY 222.

Secretary SALAZAR. 222. Is that one of our lease sales?

VOICE. Upcoming in the eastern Gulf.

Secretary SALAZAR. It is an upcoming lease sale in the eastern Gulf that was opened up under the GOMESA Act of several years ago.

Mr. LANDRY Right. But it is not being conducted in 2012.

Secretary SALAZAR. It is part of our 2012 to 2017 plan.

Mr. LANDRY But the lease sale is not going to be conducted in 2012. It is not going to be auctioned this year. I mean next year.

Secretary SALAZAR. Let me ask Director Beaudreau.

Mr. BEAUDRAU. There will be a western Gulf lease sale on December 14 of this year.

Mr. LANDRY Right.

Mr. BEAUDRAU. Next year in May or June there will be a consolidated central Gulf sale, which, as reflected in the national assessment that Ranking Member Markey displayed at the beginning of this hearing, is actually the richest area in the Gulf. That consolidated sale will take place in May or June of 2012.

Mr. LANDRY So you are saying that 222 actually will occur next year? I mean, it is just a yes or no because I don't have a lot of time.

Mr. BEAUDRAU. Yes. We are putting out as a matter of fact this week——

Mr. LANDRY OK.

Mr. BEAUDRAU. We will be putting out a notice on that sale.

Mr. LANDRY Great. Thank you. Let me ask you this question. Did you consider in your five-year plan addressing the needs of those players indirectly affected by the oil spill and subsequent moratorium such as shallow water operators and lease extensions? That is kind of where I am trying to go here.

I know that you all gave some extensions to about 99 percent of those stakeholders in deepwater, but we have gotten no answer as to those shallow water players, whether those, because they were indirectly affected, if we would extend their leases as we did the deepwater players.

Secretary SALAZAR. Let me answer one of your questions, and that is on the dollars and the value of crude in The Wall Street Journal article, and I will have Tommy respond directly to your last question.

The price of oil is set on the global market, and the program that we have put out both onshore as well as offshore is one that is going to bring additional energy production here in the United States.

Mr. LANDRY Wait. I hate to stop you. I mean, that is partially true, but Brent Crude has actually been—there has been a signifi-

cant gap between Brent Crude and Texas Intermediate, which is over at Cummings. And so the price, in this article, you will see that the price that I am talking about is the American crude that is being priced on the NYMEX.

So they are saying that the reason that it is going up is because domestic supplies are going down, so that is in effect directly based upon domestic production—not on worldwide production, on domestic production—because when Libya was taken off the market the Brent Crude shot up. So you see, you actually are able to see the differences between the two.

Secretary SALAZAR. I would only say, Congressman, that the facts speak for themselves. We are moving forward with production of oil and gas, and we continue to produce more today than was being produced even two years ago.

The CHAIRMAN. The time of the gentleman has expired. The gentleman from Nevada, Mr. Amodei?

Mr. AMODEI. Thank you, Mr. Chairman.

Good morning, Mr. Secretary. I have gone over your opening statement, and I have just got a couple questions based on that. You indicated in the introduction that the President had stressed the Administration is committed to promoting safe and responsible domestic oil and gas production as part of a broad energy strategy that will protect consumers. Protect consumers from what?

Secretary SALAZAR. We need to make sure that we address the goal of the nation's energy security. That is the essence of the President's blueprint on energy, and at the heart of it is national security, economic security and environmental security. It is an issue that has been debated for a long time. The fact is that we in this Administration are making real progress on all aspects of getting this energy security.

Mr. AMODEI. So it is kind of protecting from those three things, national, economic and environmental security? National defense, economic and environmental security? Those are my words, not yours, but generally that is in the ballpark?

Secretary SALAZAR. Well, I don't know what specific language you are referring to in the statement. Maybe you can refresh my memory.

Mr. AMODEI. Well, I don't want to spend a lot of time on it, but your statement says one of the objectives is to protect consumers, so I want to know what you are protecting consumers from as a result of what we are discussing here today.

Secretary SALAZAR. I think consumers are being protected in a variety of ways under our energy plan, including the fact that this President has been able to achieve the highest fuel efficiency efforts in the history of the United States of America, and that was with support of the auto industry as well as many others who were involved in those decisions. So the fact that we are becoming a nation that is actually producing cars that are being now sold through a healthy auto industry is one of those ways in which the consumers are being protected.

Mr. AMODEI. OK. Thank you. If you have anything to follow up on that in terms of the economic things, if I could get that offline, I would appreciate it in terms of jobs, whether it is energy production, whether it is auto production, whatever other protections. I

know this is a limited timeframe. If you want to elucidate on that in writing greater, I would appreciate that.

I also note later on when we are talking about the fracking issues, I am on page 4 of your statement, the third from the bottom paragraph. Maybe Mr. Abbey will understand my sensitivity to this. There is a line there that says, "In addition, we are evaluating whether it would be beneficial to amend existing requirements that govern management of water that is produced following development."

Now everybody knows there are no coastlines on Nevada, and Mr. Abbey can understand there is a little bit of energy production in the silver state, but when a guy whose state relies extensively on groundwater sees a Federal agency starting to talk about management of water that is produced from drilling, I would like you to elucidate on that.

Is this the first step into getting into state water law, wherever it may be? Give me some sense of what management of water produced following development of what is drilling means because I am interested in knowing where that is headed.

Secretary SALAZAR. Thank you, Congressman. It is not at all an effort to get into state water law. Water law is in the sovereign nature of the state.

I want Director Abbey to talk about the flowback water issue for just a minute because it is an issue that I think you are probably most concerned about.

Mr. AMODEI. Well, you know what? I appreciate your answer, and that hits what I want to hit. As much as I look forward to talking to Mr. Abbey, Mr. Chairman, with your permission, I would like to yield back the rest of my time to the gentleman from Texas, Mr. Flores.

Thank you, Mr. Secretary.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. FLORES. In the latest lease plan there is a proposal to change the form of the lease, and I am concerned about what we have here. Let me ask you this. Did you get any public or stakeholder feedback on your proposed changes?

Secretary SALAZAR. Director Beaudreau?

Mr. BEAUDRAU. Yes. We specifically engaged industry, including API, on the lease form prior to publication of the lease form. We received a letter from API laying out questions and concerns they had about the amendment and then I invited API in to sit down, go over the issues with me and with my staff, and we did that before making any final decisions about the lease form.

Mr. FLORES. OK. I have read the same letter, and it doesn't look like many of the concerns that they had were addressed. In particular, one of the areas I am concerned about is the proposed changes to Section 1 of the lease form. It looked like they are totally unlawful with respect to Section 5(a) of OCSLA. I am concerned. I mean, how are we going to implement a lease form that has an unlawful provision?

Mr. BEAUDRAU. The amendment to Section 1 of the lease form is not unlawful. In fact, it essentially states a truism, which is that an operator who acquires a lease is subject to regulation and any

changes in regulation that may occur in the future that do not specifically conflict with the terms of that lease.

That is an inarguable position in my view, and yet it is a position that companies have pursued in litigation. So this is to make completely clear that in addition to the requirements of the lease operators are required to comply with our regulations. Most responsible companies wouldn't have an objection to that.

Mr. FLORES. Well, there are other——

The CHAIRMAN. The time of the gentleman has expired. I want to let everybody have an opportunity. The Chair recognizes the gentleman from Ohio, Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for being here today.

Mr. Secretary, you are probably aware that I introduced legislation called the World War II Memorial Prayer Act of 2011 that would direct you or a future Secretary of the Interior to place a plaque or an inscription of the prayer that President Roosevelt prayed with the Nation on the morning of D-Day.

On November 3, Director Abbey testified before one of our subcommittees on behalf of your Department regarding H.R. 2070, this piece of legislation, and in the Department's testimony Director Abbey testified, and I quote, that "placing the President's prayer, D-Day prayer, on the World War II Memorial will necessarily dilute this elegant memorial's central message and its ability to clearly convey that message to move, educate and inspire its many visitors."

Mr. Secretary, do you agree with your Department's assessment that by adding President Roosevelt's D-Day prayer to the World War II Memorial that it would dilute the message of the memorial? Yes or no, because I have a lot of other questions.

Secretary SALAZAR. Let me just give you an answer to your question, and that is——

Mr. JOHNSON. It is a simple question. Do you agree with your Department's position as expressed by Mr. Abbey?

Secretary SALAZAR. Congressman Johnson, we have to follow the law, and that is what we do.

Mr. JOHNSON. No. The law has been amended twice. No. We know what the law is. The law is what Congress gives you——

Secretary SALAZAR. Yes. And so if you want to change the law——

Mr. JOHNSON.—and what you are responsible for implementing.

Secretary SALAZAR.—you can change the law as happened with Senator Dole's practice put up in the——

Mr. JOHNSON. No, I don't want you to quote me the law. I want you to answer my question. Do you agree with your Department's testimony that it will dilute the central message of the World War II Memorial?

Secretary SALAZAR. I agree that the law——

Mr. JOHNSON. Yes or no? Do you agree with your Department's testimony that it will dilute the central message of the memorial?

Secretary SALAZAR. I have not seen the testimony. I am certain that they are abiding by the law, and if you will——

Mr. JOHNSON. No, I am not interested in the law. We know what the law is because we give you the law. What I want to know is

do you agree with your Department's position and the Administration's position that putting on the World War II Memorial Franklin Roosevelt's D-Day prayer will necessarily dilute the central message of the World War II Memorial?

Secretary SALAZAR. I have not seen the testimony, Congressman Johnson.

Mr. JOHNSON. I am telling you what the testimony is, and Mr. Abbey is sitting right there. Mr. Abbey, can you acknowledge to Mr. Secretary that that is what you said?

Secretary SALAZAR. Congressman Johnson, this is a matter——

Mr. JOHNSON. Yes or no, Mr. Secretary?

Secretary SALAZAR. This is a matter which is within the province of the National Park Service, and I think it is unfair for you to——

Mr. JOHNSON. OK. You are not going to answer my question.

Secretary SALAZAR.—ask Director Abbey that question.

Mr. JOHNSON. You are going to filibuster, just like you have done so many other times today, and you are not going to answer the question.

Secretary SALAZAR. I would be happy to work with you to find a congressional resolution to your issue.

Mr. JOHNSON. All I want is an answer from you. Your Department has said that putting that prayer on the memorial will necessarily dilute the central message of the memorial. Is it your position and do you concur with that position? Will putting the President's——

The CHAIRMAN. If the gentleman would suspend? I know that this is important to him and I want to know that answer also. There appears to be a conflict. But I do want to at least be respectful because the topic of this hearing was energy development and not that. But I do think, Mr. Secretary, there needs to be a response to that because there clearly is a conflict here.

So I just wanted to bring things back. I know the passion that the gentleman from Ohio has on this, and I certainly share that passion. Mr. Johnson, you can proceed.

Secretary SALAZAR. If I may, let me answer that in a more specific way then, Congressman Johnson. The first thing is, in my own personal view, it does not——

Mr. JOHNSON. OK. That is all I need to know. Thank you.

Secretary SALAZAR. Number two, in order to——

Mr. JOHNSON. I have other questions.

Secretary SALAZAR.—be able to move forward with what you have suggested, it would take an act of Congress to do that.

Mr. JOHNSON. And that is what we are going to give you. That is what we are trying to give you here.

Mr. Secretary, did you have the Solicitor's Office prepare a written opinion regarding the legality of merging the Office of Surface Mining with the Bureau of Land Management?

Secretary SALAZAR. I had many conversations with the Solicitor, and I am comfortable——

Mr. JOHNSON. Have you gotten a written opinion from them?

Secretary SALAZAR. What we are doing is lawful.

Mr. JOHNSON. Have you got a written—we will determine whether it is lawful or the courts will I guess. Somebody will. I submit

to you that it is not under SMCRA, but have you asked for and received a written opinion by the Solicitor?

Secretary SALAZAR. I have had many legal discussions——

Mr. JOHNSON. Have you asked for and received a written opinion by the Solicitor? Because the last time this subject came up of a merger there was a written analysis which basically said you don't have the authority to merge departments like this. So have you received a written opinion from the Solicitor?

Secretary SALAZAR. I will tell you what my legal conclusion is.

Mr. JOHNSON. No, I don't want your legal conclusion. I want to know if you have gotten one from the Solicitor.

Secretary SALAZAR. I have gotten legal opinions from the Solicitor.

Mr. JOHNSON. Have you got a written opinion? Yes or no?

Secretary SALAZAR. Congressman Johnson, I am absolutely clear that we are——

Mr. JOHNSON. I am not interested, sir, in your opinion right now.

Secretary SALAZAR.—staying within the bounds of the law.

Mr. JOHNSON. I am not interested in your opinion because we already know what that is. I am interested in have you——

Secretary SALAZAR. And I am frankly not interested in your ear banging. It has no basis in the law.

Mr. JOHNSON.—received or asked for a written opinion from the Solicitor? Yes or no?

Secretary SALAZAR. I am very comfortable in the legal position that we are taking, and we are staying in the bounds of the law.

Mr. JOHNSON. Mr. Chairman, it is clear we are not going to get any answers here today. Maybe you can get one. Thank you. I yield back.

The CHAIRMAN. The time of the gentleman has expired. The Chair recognizes the gentleman from Pennsylvania, Mr. Thompson.

Mr. THOMPSON. Thank you, Chairman.

Mr. Secretary, today natural gas is I believe $3.32 per cubic foot. It is available to citizens of this country. A few years ago it was definitely over $12, $13 a cubic foot, not that long ago. Today we have access to clean, reliable, affordable, American-produced energy. And as I look at what made that difference, what made that possible, it really comes down to private lands and private citizens and, frankly, not public lands and government employees, I don't think, have contributed to this in any way.

So my question for you, the first question that I have, is if the Marcellus shale and other domestic production that provided these affordable, clean energy for our citizens were on Federal lands instead of private lands, would natural gas prices be at a low of $3.32 today?

Secretary SALAZAR. I think it has been a combination of production from both private lands and public lands, and there is significant production of natural gas from tight sands. And as Director Abbey stated in his opening statement, 90 percent of the wells that are being drilled——

Mr. THOMPSON. But my question was——

Secretary SALAZAR. Let me just finish. The ones that have been drilled on public lands are in fact using hydraulic fracturing, and that is part of the——

Mr. THOMPSON. And I understand that, but when you look at it, it is the private lands today because of what the private land has been doing under the jurisdiction of the states and have been doing safely.

This transitions to my next question for Mr. Abbey. Mr. Abbey, in your verbal testimony you talked about hydrofracking and "understandably raised concerns." So just real quick, I just want to just delve into that a little bit. How many years have we been hydrofracking, has hydrofracking been used?

Mr. ABBEY. Several decades.

Mr. THOMPSON. Yes. Sixty. That qualifies. Sixty. How many wells worldwide have been hydrofracked since the advent of hydrofracking?

Mr. ABBEY. I don't know the answer as far as worldwide.

Mr. THOMPSON. Let me help you. Two million.

Mr. ABBEY. Thank you.

Mr. THOMPSON. You are welcome. How many wells have been hydrofracked in the United States of America out of that two million?

Mr. ABBEY. I don't know.

Mr. THOMPSON. Let me help you there. Half of those, one million wells.

Mr. ABBEY. Thank you.

Mr. THOMPSON. You are welcome. What is the scientific data? Let me back up. I skipped one. What is the number of incidents specifically that have created problems from hydrofracking itself, the actual process of hydrofracking?

Mr. ABBEY. I can speak to Federal wells. We are not aware of any incident as a result of hydrologic fracturing on public lands.

Mr. THOMPSON. OK. Great. Thank you. My next one. What is the scientific data validating the concerns that you referenced in your testimony?

Mr. ABBEY. It is the number of wells that are being drilled today using hydrologic fracturing.

Mr. THOMPSON. But the scientific data showing, demonstrating actual incidents and problems, you said that there were zero incidents on Federal——

Mr. ABBEY. On Federal wells.

Mr. THOMPSON. On Federal lands. And so my last question for you with this is coming back to your statement——

Mr. ABBEY. Yes.

Mr. THOMPSON.—how do you define understandably?

Mr. ABBEY. By listening to the public.

Mr. THOMPSON. OK. OK. All right. I am not even going to go there. Let us move on to number two.

I am going to submit, Mr. Chairman, an article for unanimous consent on shale leases in the Wayne National Forest.

Recently the United States Forest—and I know we are talking to the Interior Department. Bear with me. U.S. Forest Service proposed a total ban on horizontal drilling for the George Washington National Forest in Virginia, and this article talks about shale leases in Wayne National Forest delayed for a fracking study. I just want to clarify. Based on our past hearings, I believe that when it

is public lands subsurface—oil, gas, minerals—falls under the jurisdiction of the BLM. Is that correct?

Mr. ABBEY. That is correct.

Mr. THOMPSON. In the national forest?

Mr. ABBEY. Yes.

Mr. THOMPSON. So given that clarification, given the situation with the Forest Service proposing a total ban on horizontal on public subsurface owned by the taxpayers, George Washington National Forest, and now we have the Wayne National Forest in Ohio which sits atop significant Marcellus shale gas reserves, has the BLM or the Department of the Interior consulted with the United States Forest Service or the Department of Agriculture on addressing the concerns of the Forest Service through regulation rather than through another moratorium on drilling on public lands, which costs jobs and government revenue?

And frankly, my specific question is hasn't this forest supervisor stepped way outside the grounds of his or her responsibility and jurisdiction of——

Mr. ABBEY. Well, I will let the Forest Service answer that question, but let me share with you the fact that the Bureau of Land Management serves as a cooperating agency to the analysis that is performed by the U.S. Forest Service as it relates to oil and gas drilling in leasing.

It is our finding in both situations that horizontal drilling is an appropriate action on those Federal minerals. We do refer back or defer back to the surface managing agency to make the final determination, but our analysis indicates that horizontal drilling would be appropriate.

Mr. THOMPSON. And I appreciate that. That was reaffirming actually what was shared in the Agriculture Subcommittee hearing.

Mr. ABBEY. Yes.

Mr. THOMPSON. Thank you.

The CHAIRMAN. The gentleman asked unanimous consent to insert an article in the record. Without objection, so ordered.

Mr. THOMPSON. Thank you.

[The article submitted for the record by Mr. Thompson follows:

Shale leases in Wayne National Forest delayed for fracking study

Business First

Date: Tuesday, November 15, 2011, 10:26am EST

Courtesy U.S. Forest Service

The U.S. Forest Service has pulled 3,000 acres in Wayne National Forest from an oil and gas leases auction scheduled for Dec. 7.

The rights to oil and gas leases on 3,000 acres in Wayne National Forest won't go to the highest bidder next month after all.

The **U.S. Forest Service** has pulled land running through Athens, Gallia and Perry counties in Ohio's only national forest from an auction scheduled for Dec. 7. The federal government had planned to auction oil and gas leases for land in national forests in Ohio, Louisiana and Mississippi.

But the Forest Service plans to study the effects of hydraulic fracturing, the process used to mine oil and natural gas in the underground Marcellus and Utica shale fields, before leasing the land. The review could take up to six months, according to a press release.

Plans to lease the land for drilling drew opposition from environmentalists and elected officials in the areas proposed for lease.

"Conditions have changed since the 2006 Forest Plan was developed. The technology used in the Utica and Marcellus shale formations need to be studied to see if potential effects to the surface are significantly different than those identified in the Forest Plan," Wayne National Forest Supervisor Anne Carey said in a release.

The CHAIRMAN. The gentleman's time has expired. The gentleman from California, Mr. McClintock?

Mr. MCCLINTOCK. Thank you, Mr. Chairman.

Mr. Secretary, you have been in office now for nearly three years, as has this Administration. I look at the overall approach that you have taken to energy production. You have delayed the Keystone XL Pipeline now indefinitely. You have imposed an economically devastating drilling moratorium in the Gulf. You have obstructed oil development in the Arctic. You have just issued a highly restrictive offshore leasing plan. You are attempting to destroy major hydroelectric dams at enormous cost.

I am just wondering, how do these actions help the U.S. economy? How do they help Americans find jobs that they so desperately need?

Secretary SALAZAR. Congressman McClintock, I would disagree with your conclusions and your assertions. The fact of the matter is that we have moved forward with a robust energy program that has a very diverse energy portfolio.

Mr. MCCLINTOCK. This is what you describe as a robust energy program?

Secretary SALAZAR. We are moving forward with development and——

Mr. MCCLINTOCK. Let me ask you this. How do these actions reduce our dependency on foreign oil?

Secretary SALAZAR. The facts I think speak for themselves. If one observes the truth of the facts, we are importing less oil than we were several years ago, the first time in a long time that we got to an import level that is less than 50 percent.

Mr. MCCLINTOCK. Yes, but you and I both know that that is the result of——

Secretary SALAZAR. That is the result of efficiency.

Mr. MCCLINTOCK.—a 10-year timeframe that began 10 years ago, and what we are now watching is the Administration systematically shutting off our future oil development by these actions.

Let me go on. Attempting to——

Secretary SALAZAR. I respectfully disagree.

Mr. MCCLINTOCK. I understand. According to Wood Mackenzie, opening up the additional areas included in the original offshore leasing plan and exempted from your announced plan could result in the addition of approximately 30 billion barrels of oil equivalent, $24 billion in government revenues per year and 550,000 jobs for the American people.

In fact, if you look at the overall energy situation, returning to pro development policies would produce $800 billion in government revenue, 35.4 billion barrels of oil equivalent, nearly 1.5 million U.S. jobs. What is needed to convince this Administration that our people desperately need jobs, permanent taxpaying jobs?

Secretary SALAZAR. Congressman McClintock, we are committed to job creation in this country. It is the number one issue that the President focuses on every day. We in the Department of the Interior are proud of the record that we have in job creation both with respect to oil and gas and global energy.

Mr. MCCLINTOCK. We have 9 percent unemployment in the country. We began this Administration with 7.8 percent. I am not sure that is a record I would be proud of with all due respect.

Let me ask you one final question here. Jack Gerard, president of the American Petroleum Institute, wrote to the Speaker and the Senate Majority Leader two days ago. In critiquing the plan you have released, he writes:

"Potentially very large oil and natural gas resources in the Atlantic, Pacific and eastern Gulf of Mexico were left out of the Department's plan. Comments from the Department suggests this was at least in part because accurate, updated estimates of the resource potential in those areas are not available. That argument, however, presents a Catch-22. Information on the resource potential in these

areas is old and incomplete, yet without the possibility of a lease sale companies will not invest in the costly exploratory work needed to get more accurate and comprehensive data."

What is your response to that?

Secretary SALAZAR. I respect Mr. Gerard very much, but he obviously is voicing the point of view of the trade association. The fact is we do need additional information in many places, including on the Atlantic, and we are moving forward to develop that additional information.

Mr. MCCLINTOCK. Finally, I would just like to say that your assurances that all of these anti-energy policies present a robust energy plan for America, that you are very concerned about job creation except when it comes to the 1.5 million jobs that we could create if you would simply get out of the way.

I am reminded of something Leo Tolstoy wrote about the Czar's government. He said, "I sit on a man's back, choking him and making him carry me, and all the while I assure he and anyone who will listen that I am very sympathetic of his plight and I am willing to do everything I can to help." Except by getting off his back. I yield back.

The CHAIRMAN. The gentleman yields back his time, and the Chair recognizes the gentleman from Colorado, Mr. Tipton.

Mr. TIPTON. Thank you, Mr. Chairman. Mr. Secretary, Directors, I appreciate you being here as well.

Mr. Secretary, and perhaps this might apply to you as well, Director Abbey, I would like to ask you about an issue that is important in our part of the world in western Colorado in particular.

As you know, Mr. Secretary, right now the Bureau of Land Management is in the process of taking public comment on a draft resource management plan for the planning area overseen by the Colorado River Valley Office. And again as you know, most of that planning area covers more than 500,000 acres of public lands in an energy rich area of western Colorado.

This happens to also be, obviously, a very economically challenged area right now. We have Grand Junction, and it was just reported in The New York Times that this regional economic hub in western Colorado leads the Nation in job losses. These are tough economic times, and folks are trying to get their arms around the plan that the BLM is asking for comment on.

The expiration of the comment period has been a 90-day comment period. It is going to expire around the end of the holidays here. I know the BLM frequently extends the comment period when requested, and a number of stakeholders out in western Colorado in particular either have or soon will make a request that the BLM with respect to the Colorado River Valley plan extend that comment period.

Is this something that you would support? And if so, when do you think that we might be able to have a definitive answer on extending that comment period?

Secretary SALAZAR. Director Abbey?

Mr. ABBEY. Congressman, if you would, if you would send me a written request, I would certainly entertain it, and the likelihood of approving that request would be granted.

Mr. TIPTON. Likelihood of approving it. Thank you, Director Abbey.

Mr. ABBEY. You bet.

Mr. TIPTON. I certainly appreciate that. I would like to go back to a couple of questions and revisit them.

Secretary Salazar, you talked in your testimony and in terms of answering a few questions about well bore integrity and the importance of being able to protect that. You also commented that we do not have one instance of the fracking process getting into our water reserves, into the water table. Do we have any examples to where well bore integrity has been breached when it comes to protecting water in terms of the fracking process in the United States?

Secretary SALAZAR. Congressman Tipton, there are examples of well bore integrity and contamination of wells. With respect to hydraulic fracking and the contamination of wells——

Mr. TIPTON. Right.

Secretary SALAZAR.—there is a possibility that water could be contaminated if a well does not have well bore integrity and so that is why it is important that this——

Mr. TIPTON. We just heard—I think Congressman Thompson had just mentioned that we have had well over a million wells drilled with fracking.

Mr. ABBEY. In the United States.

Mr. TIPTON. In the United States. Have any of those shown any well bore lacking integrity when it comes to the fracking process?

Secretary SALAZAR. Congressman Tipton, I think that the most important thing that we could do in a bipartisan way is to move forward in a manner that supports the natural gas industry and allows an abundantly available domestic resource to be used. In my view, some of these issues will have to be addressed in order for us to be able to move forward with a robust natural gas domestic energy supply.

Mr. TIPTON. Right. I respect your statement on that, and the answer effectively was no, we haven't had any problem with the integrity when it comes to the fracking process. And I agree with the bipartisan end of it as well because we all want clean air, we all want clean water and to be able to protect that as well.

But all of our states have decades of experience when it comes to dealing with well construction and fracking. In fact, the Interstate Oil and Gas Compact Commissioner has a program called STRONGER—are you familiar with that—to help ensure that state regulations are up-to-date and that the states are fully supported in those regulatory efforts.

Why do you think the Department of the Interior is going to be able to do a better job than our states in terms of regulating that? A lot of us believe that nobody cares more than the people at home when it comes to being able to protect those issues. We have those regulatory processes in state. Why are you pushing for the Department of the Interior?

Secretary SALAZAR. We have a responsibility, Congressman Tipton, to make sure that we are protecting the lands on behalf of the American people, and in so doing it is important that we assure that oil and gas drilling and production is done in a safe and responsible manner.

Mr. TIPTON. And as it applies to fracking, apparently that job has been done.

Secretary SALAZAR. I would say that you have an open question with respect to several of these issues, and that is why we have been involved in a long process that began with a forum that I hosted at the Department of the Interior to take a look at this issue.

I will also say that the industry in many ways has decided that disclosure is also important, so part of the website and the FracFocus program that they put together is a part of that. We have seen states from Wyoming to Texas move forward with disclosure programs, and so we have not landed yet on what kind of disclosure we might require. That is part of the ongoing process that we have under consideration.

Mr. TIPTON. Great. If I could have the Chair's indulgence?

The CHAIRMAN. The time of the gentleman has expired.

Mr. TIPTON. OK. Thank you.

The CHAIRMAN. The gentlelady from California, Mrs. Napolitano?

Mrs. NAPOLITANO. Thank you, Mr. Chair. I am glad to see you, Mr. Secretary. It has been a while. I hope you haven't forgotten us in California.

Secretary SALAZAR. I never forget California. I don't even forget Washington.

Mrs. NAPOLITANO. Well, I will be calling you. One of the things that is brought to my attention is The Washington Post today indicated that Chevron has halted drilling off the coast of Brazil because of an underwater oil leak. The operator is Transocean, the same company who was operating the Deepwater Horizon rig. Do you have information on that, number one? What can you tell us about it? And if Transocean is the one that had another oil spill offshore resulting from oil well drilling operations, should we be taking another look at their operations?

Secretary SALAZAR. Congresswoman Napolitano, I am not familiar with this most recent story that you allude to.

I will say this, that at the end of the day we know that developing oil and gas in the oceans of the world is not a risk-free activity, and it therefore requires us both in the Executive Branch as well as in Congress to make sure that we are moving forward with safe and responsible oil and gas development, and that is why we have led the largest overhaul in the nation's programs on offshore energy development.

Mrs. NAPOLITANO. Thank you. It is a real serious possible way of doing business by Transocean that we should possibly continue to look at their operation.

But earlier the gentleman from Texas showed a chart that I wasn't here to see, but I understand it was shown, detailing the steps that must be taken in order to move a lease from first production and the average time of the company after being awarded a lease to the first production shown to be 9.5 years. But the steps outlined require and interpret 3-D and other data and find partners to share cost to drill an exploratory well and then contract the drill rig. Almost all of these steps are actions to be taken by the company, not the government, is that right?

Secretary SALAZAR. Director Beaudreau?

Mr. BEAUDRAU. A lot of those steps do require actions by the companies. Even seismic surveys, however, go through a permitting processing that my agency and the Interior Department is involved with. But the big picture and the big answer is that we have initiated a number of pro development initiatives to encourage early operation of these leases, early exploration, early development of the leases. That is reflected in the lease terms that we have applied and will apply in the upcoming Gulf of Mexico sales.

Mrs. NAPOLITANO. Thank you. But in response to my question, wouldn't it be to the oil companies' benefit to speed up their completion of these steps if they wanted to begin producing more quickly?

Mr. BEAUDRAU. Yes, and we are implementing policies to encourage them to do that.

Mrs. NAPOLITANO. Mr. Secretary, should we not be looking at incentives then to shorten these lease times and to move the production forward quickly?

Secretary SALAZAR. Congresswoman Napolitano, the answer to that is yes. In fact, those are some of the reforms that have been made by the Bureau of Ocean Energy Management as we move forward. It is our view that we ought not to have idle acreage that is sitting out there, and we ought to do everything we can to move forward with encouraging oil and gas production in the right places and in the right ways.

Mrs. NAPOLITANO. Thank you very much. I came in late because I was at the Transportation hearing on hydrofracking, and some of the questions that are being put back and forth is that EPA is being too heavy-handed in some areas and that states should have the right to be able to implement their own standards.

My concern, and I voiced this, was that some of the pools left behind by the water that is used contains carcinogens and some other nonbeneficial byproducts. They insert back into the earth supposedly. They state that it does not hurt the aquifers because these are at a lower level than the underwater streams and rivers.

But isn't there an issue that we should not standardize, because one size doesn't fit all, but allow EPA to work with all the states to be able to implement things or rules that are going to protect the environment, protect the drinking water quality of folks and still be good for business?

The CHAIRMAN. Real quickly, Mr. Secretary.

Secretary SALAZAR. The answer is that we need to move forward——

Mrs. NAPOLITANO. Thank you.

Secretary SALAZAR.—in a way that protects the health of people and the environment, and we are doing that and at the same time moving forward with a program that will in fact support natural gas development, and we support hydraulic fracking because, frankly, that is the answer to what kind of domestic production we are getting today from natural gas. And as Director Abbey testified earlier, 90 percent of all of our natural gas wells being drilled and producing in the Federal lands are all using hydraulic fracturing.

The CHAIRMAN. The time of the gentlelady has expired. The gentleman from Idaho, Mr. Labrador?

Mr. LABRADOR. Thank you, Mr. Chairman. Mr. Secretary, thanks for being here.

You made a couple statements today. You say we continue to produce today more than two years ago. The facts speak for themselves. You also said in your testimony that we have had higher production. I just want to make sure that the facts do speak for themselves.

Do you agree or disagree with Congressman Flores, who said that it takes about 9.5 years to get from lease to production? Do you agree with that statement?

Secretary SALAZAR. I agree that it takes time. I don't know the specifics of his chart and I hadn't seen it until today, but from the point in time where the acreage is made available and going through the exploration phase, it is a multiple year program.

Mr. LABRADOR. And you would agree that it is more than two years or three years, correct?

Secretary SALAZAR. From the point of making the lease sale to the point of production, yes.

Mr. LABRADOR. Correct. Regardless of whether it is because the company delayed or because you have all these procedures that are required by law, it is more than two or three years to get from a lease to production, correct?

Secretary SALAZAR. That is correct.

Mr. LABRADOR. So every time I have been here, and I don't come from an oil producing state, but every time I have been here in the Natural Resources Committee, I have had somebody from the Administration come here trying to take credit for the high production of oil. That just doesn't make any sense to me. If it takes more than two or three years to get from lease to production and we have the highest production right now, isn't it true, because we want to get to the facts, isn't it true that this is based on actions from the previous Administration, not from the current Administration? Is that true?

Secretary SALAZAR. Congressman Labrador, what I would say is I love the potatoes from your state, but they are not as good as the ones from Colorado or Washington.

Having said that, let me say that we have moved forward with an oil and gas production program——

Mr. LABRADOR. I understand that you are claiming you have moved forward.

Secretary SALAZAR.—that is developing oil and gas.

Mr. LABRADOR. Yes.

Secretary SALAZAR. Let me just give you an example to support the facts as I have stated them. There was a huge outcry from many people that we should have shut down even the production side during the national crisis of the Deepwater Horizon. We did not do that.

And we have worked very hard. Some people on my staff have worked 18 hours a day, six, seven days a week, to make sure that we had the kind of program within the Department of the Interior that can allow safe oil and gas drilling and production to move forward. We are at that stage, and the acreage that we are making available this year and next year under the new plan will continue that program forward.

Mr. LABRADOR. But let us just talk about the facts because you said we want the facts. The facts are that whatever oil production we have today is because of actions that happened before this Administration. Is that not true?

Secretary SALAZAR. The facts are that it included the contributions not only of this Administration under President Obama's leadership but also President Clinton and President Bush and President Reagan and President Carter. It goes back a long ways.

Mr. LABRADOR. OK. So then if we had certain actions that happened before this Administration where we were seeing the number of leases going up higher and higher and higher, wouldn't it be also true if the number of leases is going down that we would have less oil production five to 10 years from now?

Secretary SALAZAR. Our view is that given the price of oil—over $90, almost at $100—that you are going to see a significant increase in oil and gas production. There are huge amounts of public lands and America's oceans and onshore that we have made available. Much of that will be coming into production because the greatest incentive frankly for oil and gas companies is the price of oil.

Mr. LABRADOR. OK. I am going to change topics here. I am a firm believer that we should shrink the size of our Federal Government—I think you and I agree with that—and we should consolidate programs, but my questions relate to your proposed reorganization of the Office of Surface Management and the Bureau of Land Management.

I only have a minute here. Explain to me how the structure will be reorganized. Will you be creating a position that directly reports to you, the Secretary of the Interior, and adding another bureaucratic layer of reporting?

Secretary SALAZAR. We are looking at the reorganization right now. No decisions have been made. We need to make sure that our employees are involved as well as stakeholders that have followed OSM.

We will stay within the law of SMCRA. SMCRA requires that we have a Presidentially appointed, Senate confirmed, independent agency to carry out the duties of SMCRA. That is what OSM will do. And so Director Abbey and Director Pizarchik are putting together a plan, and we will not have that plan until February. I appreciate any comments that this committee may have in terms of how we look at this reorganization because there are no final decisions that have been made.

Mr. LABRADOR. When Director Abbey presented to some of the staff here in Congress he talked about how one of the reasons provided for the merger was the great things about abandoned mine land reclamation that OSM could offer to BLM. Have you ever seen this document, "Abandoned Mine Lands: A Decade of Progress Reclaiming Hardrock Mines"?

Secretary SALAZAR. You know, I don't know whether I have seen that, but I have seen similar types of documents.

Mr. LABRADOR. I ask unanimous consent for this to be included in the record.

I think BLM knows quite a bit about how to handle abandoned mines, and I don't think that they need to learn anything from OSM, but I just——

The CHAIRMAN. Without objection, that will be part of the record.

[The document entitled "Abandoned Mine Lands: A Decade of Progress Reclaiming Hardrock Mines" has been retained in the Committee's official files.]

The CHAIRMAN. The time of the gentleman has expired. The Chair recognizes the gentleman from Alaska, Mr. Young.

Mr. LABRADOR. Thank you.

Mr. YOUNG. Thank you, Mr. Chairman.

Mr. Secretary, welcome here. As you see, my hat that I am wearing, I am supporting the Obama energy program. It is called a propeller because there is no energy program. You are not as guilty, though, as other agencies within this Administration. I do think you have made some steps forward, but I will tell you that you are not the only player in town. You have EPA, Lisa Jackson, an organization that is trying to subvert your authority, and they will probably do it because they have more clout in the White House.

So the energy program the Obama Administration has is nothing as far as producing energy. I know you don't agree with me, but I keep saying that we have been importing—and it is just not this Administration—for the last 20 years about between 300 and 400, up to $500 billion a year. We import that much oil, and that money goes abroad. So every barrel of gas, every cubic foot of natural gas and every barrel of oil makes us less dependent.

And I have to say that one of the things that I have never forgotten, and I think you can understand this. The gentleman said when we turn to foreign lands to supply our energy needs, then I can't help but feeling that somewhere along the way we have surrendered something of our freedom. That was a quote by Manuel Luján, Jr., a congressman on this committee and the Secretary of the Interior. And that is what we have done.

And I hope you understand that as the Secretary of one of the largest landholdings in the world that we need really cooperative working with states and with the industry to make sure we are not losing our freedoms overseas. That is a little speech.

But having said that, though inadequate, I will take and we appreciate your scheduling some additional oil and gas leases in the Arctic, but what steps are you taking to assure timely review and processes that will permit applications again with Interior and other agencies concerning the leases? In this regard, I understand the Obama Administration has undertaken and met a cooperation effort concerning Alaskan energy. Where does that stand, and can you provide us with some concrete timelines?

Secretary SALAZAR. Congressman Young, first of all, I appreciate your leadership on Alaska on so many different issues, and let me say that we are moving forward with a robust energy program that does include oil and gas and renewables and other things that very much affect your state.

With respect to Alaska and the Arctic, the President has designated the Department of the Interior and my Deputy Secretary, David Hayes, to ensure that there is coordination in the permitting processes with respect to Alaska, so we are on track.

Mr. YOUNG. Can you do me a favor? Again, I go back outside your agency and outside the state. When EPA or the Corps of Engineers and recently the Colville River deal, when they get involved and they stop the process which you are putting forth, let me know where I can be of help to you. Is that good?

Secretary SALAZAR. I appreciate that, and I will just reiterate one thing on that, Congressman Young. The position that Deputy Secretary David J. Hayes is occupying today essentially allows Interior through the Deputy Secretary to bring together all those agencies so that we have an effective and efficient permitting process.

Mr. YOUNG. OK. Now regarding the draft EIS and comprehensive conservation plan for ANWR, why hasn't the United States Fish and Wildlife Services listed oil and gas development in the coastal plain as an alternative decision to be considered rather than just including additional wilderness designations?

Secretary SALAZAR. Our position has been, and is today, that drilling in the Arctic National Wildlife Refuge is not appropriate.

Mr. YOUNG. My point is now remember the no more clause. I actually think your Fish and Wildlife agency is stepping over their lines, and we will eventually find out in court. The no more clause is very clear. It is not going to go through this Congress anyway. Don't kid yourself. You are wasting money.

But what bothers me is I understand that certain national environmental groups have garnered a million signatures recommending wilderness status on the coastal plain. Most of these are communications that have a standard form. How will the public comments be evaluated, especially since so many of them appear to be virtually identical in nature? Do you follow what I am saying? This is a million signatures. Are you going to listen to that, or are you going to listen to the Alaskans?

Secretary SALAZAR. It is very important for us on our entire conservation agenda, Congressman Young, to make sure that we are listening to the local communities and so Alaska is a world unto itself in terms of its beauty and its potential. And as you may have noted in the wilderness and national conservation report that we sent to Congress, I did not include anything in there on Alaska because Alaska has its own unique set of circumstances that need to be considered.

Mr. YOUNG. Thank you. When I become emperor I might consider you as Secretary of the Interior, but that probably won't happen for a while. You have to understand that.

What are you doing to coordinate the BLM's December 7 lease sale and NPRA with the state's onshore and offshore sale at the same time, the same day? Are you working together?

Secretary SALAZAR. Director Abbey?

Mr. ABBEY. We are working very close together, Congressman. In fact, I received a statement the other day from the state complimenting the actions of the Bureau of Land Management and the coordination that we are doing with them.

Mr. YOUNG. Good.

The CHAIRMAN. The time of the gentleman has expired.

Mr. YOUNG. Can I take my propeller off now? This is for the Obama energy plan now. I want you to know I am supporting Mr.

Markey. I want to tell you right now I am supporting the Obama energy program.

The CHAIRMAN. I am sure he is thrilled with that.

Mr. Secretary, I know we had——

Secretary SALAZAR. I thought he was taking off his propeller because I had convinced him about the correctness of our robust energy program.

The CHAIRMAN. Listen, you can interpret that any way. Mr. Secretary, we had as a close a hard time of 12:30, but Mr. Holt came in and Mr. Southerland has been sitting very patiently. With your indulgence, those will be the last two questioners and we should get you out of here as close to that time if that is OK. Well, it is going to be OK because we have to do it that way. Mr. Holt is recognized for five minutes.

Mr. HOLT. Thank you. Mr. Secretary, good to see you, and it was good to see you in Patterson, New Jersey, at our new national park in New Jersey. Thank you for coming.

Several different questions. First of all, I wanted to really look at this question of whether the energy extraction industry is our best place to look for jobs with Exxon Mobil and Chevron and Shell and BP and so forth over the last half dozen years earning hundreds of billions, between $500 billion and $600 billion in profits. Over that same period, their workforce shed 11,000 workers. The Bureau of Labor Statistics and the Department of Labor says, "Employment in oil and gas extraction is expected to decline by 16 percent through 2018."

Now you are all on record and in practice promoting production. In fact, production is up along with these profits, but it also seems to go along with a loss of jobs. Are we looking in the wrong place? Are some people here looking in the wrong place for jobs?

Mr. FLORES. Will the gentleman yield? Will the gentleman yield? Right here.

Mr. HOLT. I would like to get an answer to the question first. Thank you.

Secretary SALAZAR. Thank you very much, Congressman Holt. It was an honor to be with you in Patterson Falls, New Jersey.

Let me just say that there is significant profits that are obvious to everybody that oil and gas companies are making. You know, the fact is that we have record prices in oil. We have major discoveries that are being made.

We also know that the future of the United States for the foreseeable future will depend on developing additional oil and gas resources and so we are supportive of that policy. It is part of the energy portfolio that President Obama has announced in his energy blueprint.

Mr. HOLT. Thank you. Secretary, with regard to the oil and gas leasing off of Virginia, which of course we in New Jersey think of as leasing off of New Jersey because it is a few days' oil slick drift from our productive beaches, isn't it true that the footprint of the lease overlaps significantly, in fact almost entirely, with critical military training areas and with shipping lanes and overflight areas?

Secretary SALAZAR. Congressman Holt, there are critical areas within the Lease Sale 220 area in Virginia, the triangle, which is

something which is very important to our country, and it is a significant part of the reason why Lease Sale 220 was not placed on the 2012-2017 plan.

Mr. HOLT. Thanks. On another matter involving the Atlantic, the legislation that was before this committee, H.R. 1231, talked about subsidizing seismic surveys in the Atlantic. Do you think it is a good idea to ask taxpayers to provide subsidies for oil companies to conduct seismic surveys?

Secretary SALAZAR. Congressman Holt, I am not familiar with H.R. 1231. I will say this, that we believe that developing additional information will allow us to make more informed decisions in places like the Atlantic where we have such a dearth of information.

Mr. HOLT. Let me just add my editorial comment that I wonder why in the world we should ask the most profitable companies in the history of the world to go to the taxpayers for assistance in this.

We have asked and Director Bromwich testified that he supported our idea of asking the heads of the oil companies—BP, Halliburton, Transocean and Cameron and so forth—to testify before this committee about the Deepwater Horizon disaster. Do you believe the CEOs from these oil companies should testify? Would that help the public get useful information about this?

Secretary SALAZAR. Congressman Holt, I don't have an opinion on that. I do believe that there have been significant investigations that have been conducted, including the most recent investigation by the joint investigative team that included the Coast Guard and the Department of the Interior, and those results are comprehensive and they tell you the sequence of what happened and the specific regulations that we believe were violated in the Macondo well blowout last year.

Mr. HOLT. Thank you, Mr. Secretary.

The CHAIRMAN. The time of the gentleman has expired. The gentleman from Florida, Mr. Southerland?

Mr. SOUTHERLAND. Thank you, Mr. Chair.

Mr. Secretary, thank you for being here and thank you for the delay of going over a little bit. I know time is precious. I would like to read a statement:

"There has been extremely negative reaction to the decision regarding Keystone in the United States because this pipeline and this project is obviously what is in the best interest not just of the Canadian economy but also the American economy. Therefore, based on the decision by this Administration, Canada will seek to join the new Asian Trade Bloc as it tries to increase energy exports to the region following the U.S. decision to delay the approval of TransCanada Corporation's $7 billion Keystone XL Pipeline."

With that statement, my question to you is how does the American worker benefit if this Canadian sands oil goes to China and other parts of Asia?

Secretary SALAZAR. Congressman Southerland, let me just first say that Canada is one of our best trading partners, and we have a great relationship with Canada on a variety of issues.

With respect to the Keystone XL Pipeline, it is by law a process which has been led by the State Department. They have listened

to the input from many places, including the Governor of Nebraska and Senator Johanns, who have legitimate concerns about conservation consequences on farming.

Mr. SOUTHERLAND. No, I understand. I know time is precious for me and you. How does this decision help or harm the American worker?

Secretary SALAZAR. Well, I don't think it does because no decision has yet been made. The fact is that the process is——

Mr. SOUTHERLAND. But the time value of money. And unlike some people that question here, I come from a business background and I understand time is money and speed is profit. So, if that is the case—and business owners understand that, job creators understand that—how does this decision delay, OK, hurt profits, hurt the ability of the American worker to be able to put food on their table?

Secretary SALAZAR. You know, I will refer the question to the State Department because it is the Department of the government that is in charge of the process.

Mr. SOUTHERLAND. But let me say this, Mr. Salazar. I have learned in your testifying you are an incredibly bright man. You have an opinion. You even shared your opinion on the prayer that the other Member questioned earlier. You certainly have to have an opinion, a person in your place, how this affects the American worker.

Secretary SALAZAR. My factual conclusion, Congressman Southerland, is that no decision has yet been made and there are——

Mr. SOUTHERLAND. The decision to delay.

Secretary SALAZAR. There are strong arguments as to why this pipeline should go forward.

Mr. SOUTHERLAND. OK.

Secretary SALAZAR. There are legitimate concerns——

Mr. SOUTHERLAND. All right.

Secretary SALAZAR.—as to why it should not go forward, but there will be a process here and a decision will be forthcoming.

Mr. SOUTHERLAND. So is it good for the American worker that a decision is not made farther down the road? Is it better for a worker to have a job today, or is it better for a worker to have a job maybe two years from now?

Secretary SALAZAR. I think it is important to get it right, and that is what the Department of State is doing.

Mr. SOUTHERLAND. Yes, but for the person that is unemployed, for the person that is trying to feed his family, provide food, provide shelter. If that person does not have a job and this person could perhaps have a job with this project, if that person doesn't have a job, is that person benefitting if we wait until two years down the road?

That is common sense. You don't need to be the Secretary of an agency to figure that one out. Do you agree with that?

Secretary SALAZAR. I think it is important that it be the right decision——

Mr. SOUTHERLAND. Right.

Secretary SALAZAR.—and with the right level of input and the right level of——

Mr. SOUTHERLAND. I am sure the American worker really appreciates the answer to that question.

And bringing that real close to home, in Panama City, Florida, we have Berg Pipe, and in Tallahassee, Florida, we have EXP, which is an engineering firm that has worked very hard on this project. Last week Berg Pipe let go 100 workers in Panama City, and with this delay there is a better than average chance that EXP will let go 100 workers, so that is over 200 in my district. And I guess what would you say to them, because these workers are being let go as a result of this delay. What would you, if you were the one giving them the pink slip and sending them out the door, what would you say to them?

Secretary SALAZAR. What I would say, Congressman Southerland, is that the pipeline industry is something which is a robust industry here in this country. We have thousands and thousands of miles, including many that have traversed our public lands that we have authorized, and no one has yet made a judgment on whether or not the Keystone XL Pipeline is moving forward. The fact is there are arguments on both sides, and the State Department is moving forward with a process to make sure that they get a right decision.

Mr. SOUTHERLAND. And I am sure you understand why there is this massive disconnect between the 200 people that you just gave that answer to and their aggravation with inside the Beltway because what you just did is you just gave them a political speech, and they don't know where their next paycheck is going to come from. That falls on deaf ears.

And I tell you, Director Abbey stated earlier that he listens to public sentiment to validate his decisions. If the public supports Keystone, then isn't the President's decision a total disregard to the American people and its workers? I state absolutely, and I wish the Administration and the President of the United States would use your same standard of listening to the sentiment of the American worker. Obviously they have not, and it just aggravates the fire out of me that all we have is your statement to those 200 workers, and unfortunately it doesn't put food on the table. Thank you. I yield back.

The CHAIRMAN. The time of the gentleman has expired. I have learned through the magic of instant communications, Mr. Secretary, that you are breathlessly awaiting some questioning from Mr. Bishop of Utah, so I will recognize Mr. Bishop for five minutes.

Secretary SALAZAR. That is great. I always enjoy my conversations with Congressman Bishop. I have been to Utah more times than I have been to Washington, I will have you know.

The CHAIRMAN. That is why I couched it exactly that way.

Mr. BISHOP. I think you were psychic in asking to accept my question. This pains me in some way, but when somebody does something correctly I think kudos need to be given. I have seen your wilderness proposals. I have not viewed all of them, but I have viewed the ones in Utah. I still need to talk to the people in those particular areas, but on the surface it seems that you and Director Abbey and Juan Palma in Utah have done a proper job in trying to identify wilderness areas in my state, so I want to thank

you. Don't answer because you will screw it up. I just want to thank you.

Secretary SALAZAR. On that note, I was going to ask the Chair if he would adjourn the hearing so we could make some history here today.

Mr. BISHOP. However——

Secretary SALAZAR. I knew there was a however coming.

Mr. BISHOP. Now turning into my Don Young mode, the Interior Department did send out a news release back a week ago talking about the amount of revenue that was coming from energy production on public lands and you stated, or the Department stated, "The revenues will also support much needed projects that create jobs, critical infrastructure improvements and funding for education."

And here is where I want to go off as a former teacher. Some of my colleagues I understand have already talked to you about the 77 leases, which was one of your first decisions in office. We have talked about oil shale demonstration projects that have been slow walked by the Department.

The fact of the matter is schools in the United States, 13 of the 15 slowest growth areas, states with the slowest growth in their public education funding, are found in the West, which are so-called public land states. And it is not even close. States east of Denver have grown their education funding at a 90 percent plus rate.

Those of us in the West, it is a 40 percent plus rate. It is almost two to one because we have the benefit of basically a land czar that deals with our particular areas. The bottom line is unless the resources in our states are developed in the West, our kids are hurt. They are put at a decided disadvantage. You recognized this in the press release when you said this money goes to funding education.

There are some actions that have decreased. That 77 leases not only destroyed an area which by redistricting I will get the chance to represent, so you will be talking to me more I am afraid, but it also hurt the overall education funding of the State of Utah unnecessarily. So I want you to know that if the West is going to develop an adequate funding base for their education needs they must have the resource development that takes place on public lands in the West. We can't have it both ways.

So I am assuming that you will support that in view of the newsletter and also support the APPLE bill, which I have, which deals directly with the ability of helping western states fund their education by doing those things that were promised those western states when they actually became states in their organic enabling acts.

Now this is the one I think I can ask a direct question and answer very briefly. I have read in a news report that the Department is planning to do restrictions on hunting opportunities on public lands, specifically Forest Service and BLM lands. Is the Department currently planning or working on any types of restrictions on hunting on public lands?

Secretary SALAZAR. Congressman Bishop, not to my knowledge. We have a program where we work with and support hunting and fishing and boating and all the uses of our public lands because of

the importance of the job creation that comes, 6.5 million plus jobs just from outdoor recreation alone. Your state is I think Exhibit A in terms of some of those economic benefits that come. So, to my knowledge, there is not that kind of policy in——

Mr. BISHOP. Can I throw that to Director Abbey? Do you know of anything in your agency that is working on those kinds of restrictions that were in the press?

Mr. ABBEY. We are not working on any kind of restrictions on hunting and fishing on public lands.

Mr. BISHOP. Thank you. I appreciate that, and I hope that if you support our energy development in the West so that we can actually fund education for kids I have the opportunity of again thanking you and complimenting you for a correct decision.

Secretary SALAZAR. Thank you very much.

Mr. BISHOP. I yield back.

The CHAIRMAN. I just noted that he yielded back his time with a compliment. That is very complementary. Thank you. Two of them, yes.

Well, that concludes our hearing. I want to thank you, Secretary Salazar, for coming in and Director Abbey and Director Beaudreau for coming. As you can see, there are a number of different opinions here, but that is what these hearings are designed for is to get that out and come to some conclusions.

I will ask this. There were several Members, just because of time constraints, that have questions. Mr. Broun had a line of questioning that I intervened with vis-á-vis the relationship between EPA and Interior, and if you could respond back with that one? I know Mr. Landry may have some further questions, Mr. Flores. Mr. Tipton I think referenced those. As those come in to you, if you could respond in a very timely manner so that we can have that and make it a part of this record I would appreciate it. Could you do that?

Secretary SALAZAR. We will do our very best, and I will direct Christopher Mansour, our Director of Congressional Affairs, to follow those closely and provide the responses.

The CHAIRMAN. If I run into him, I will tell him that you said that so we can expect that.

And finally, I ask unanimous consent to enter a copy of an August 2001 draft analysis, which includes a draft Solicitor's opinion, of a much smaller consolidation proposal between OSM and MMS that was referenced by Mr. Johnson in his comments to be included in the record.

Without objection, that will be included with the record.

[NOTE: The August 2001 draft analysis submitted for the record by Mr. Hastings has been retained in the Committee's official files.]

The CHAIRMAN. Nothing to come before the Committee, again the Committee stands adjourned. Thank you again for being here.

[Whereupon, at 12:43 p.m., the Committee was adjourned.]

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