1011

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR 1972

GOVERNMENT
Storage

DOCUMENTS
JUN 21 1971
THE LIBRARY
KANSAS STATE UNIVERSITY

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

FIRST SESSION

SUBCOMMITTEE ON DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

JULIA BUTLER HANSEN, Washington, *Chairman*

JOHN J. FLYNT, Jr., Georgia
DAVID R. OBEY, Wisconsin
SIDNEY R. YATES, Illinois
NICK GALIFIANAKIS, North Carolina
JOSEPH M. McDADE, Pennsylvania
WENDELL WYATT, Oregon
DEL CLAWSON, California

GEORGE E. EVANS and BYRON S. NIELSON, *Staff Assistants*

KSU LIBRARIES
A11900 223876

PART 1

Budget Amendments
Bureau of Land Management
Office of Territories
Office of the Solicitor
Secretary of the Interior

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR 1972

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

FIRST SESSION

SUBCOMMITTEE ON DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

JULIA BUTLER HANSEN, Washington, *Chairman*

JOHN J. FLYNT, JR., Georgia
DAVID R. OBEY, Wisconsin
SIDNEY R. YATES, Illinois
NICK GALIFIANAKIS, North Carolina
JOSEPH M. McDADE, Pennsylvania
WENDELL WYATT, Oregon
DEL CLAWSON, California

GEORGE E. EVANS and BYRON S. NIELSON, *Staff Assistants*

PART 1

Budget Amendments
Bureau of Land Management
Office of Territories
Office of the Solicitor
Secretary of the Interior

U.S. GOVERNMENT PRINTING OFFICE
58-160 O WASHINGTON : 1971

COMMITTEE ON APPROPRIATIONS

GEORGE H. MAHON, Texas, *Chairman*

JAMIE L. WHITTEN, Mississippi
GEORGE W. ANDREWS, Alabama
JOHN J. ROONEY, New York
ROBERT L. F. SIKES, Florida
OTTO E. PASSMAN, Louisiana
JOE L. EVINS, Tennessee
EDWARD P. BOLAND, Massachusetts
WILLIAM H. NATCHER, Kentucky
DANIEL J. FLOOD, Pennsylvania
TOM STEED, Oklahoma
GEORGE E. SHIPLEY, Illinois
JOHN M. SLACK, West Virginia
JOHN J. FLYNT, JR., Georgia
NEAL SMITH, Iowa
ROBERT N. GIAIMO, Connecticut
JULIA BUTLER HANSEN, Washington
JOSEPH P. ADDABBO, New York
JOHN J. McFALL, California
W. R. HULL, JR., Missouri
EDWARD J. PATTEN, New Jersey
CLARENCE D. LONG, Maryland
SIDNEY R. YATES, Illinois
BOB CASEY, Texas
DAVID PRYOR, Arkansas
FRANK E. EVANS, Colorado
DAVID B. OBEY, Wisconsin
EDWARD R. ROYBAL, California
WILLIAM D. HATHAWAY, Maine
NICK GALIFIANAKIS, North Carolina
LOUIS STOKES, Ohio
J. EDWARD ROUSH, Indiana
K. GUNN McKAY, Utah

FRANK T. BOW, Ohio
CHARLES R. JONAS, North Carolina
ELFORD A. CEDERBERG, Michigan
JOHN J. RHODES, Arizona
WILLIAM E. MINSHALL, Ohio
ROBERT H. MICHEL, Illinois
SILVIO O. CONTE, Massachusetts
GLENN R. DAVIS, Wisconsin
HOWARD W. ROBISON, New York
GARNER E. SHRIVER, Kansas
JOSEPH M. McDADE, Pennsylvania
MARK ANDREWS, North Dakota
LOUIS C. WYMAN, New Hampshire
BURT L. TALCOTT, California
CHARLOTTE T. REID, Illinois
DONALD W. RIEGLE, JR., Michigan
WENDELL WYATT, Oregon
JACK EDWARDS, Alabama
DEL CLAWSON, California
WILLIAM J. SCHERLE, Iowa
ROBERT C. McEWEN, New York
JOHN T. MYERS, Indiana

PAUL M. WILSON, *Clerk and Staff Director*

STAFF ASSISTANTS

WILLIAM GERALD BOLING
SAMUEL W. CROSBY
GEORGE E. EVANS
ROBERT B. FOSTER
JOHN M. GARRITY
HAROLD H. GRIFFIN
AUBREY A. GUNNELS
JAY B. HOWE
THOMAS J. KINGFIELD
KEITH F. MAINLAND
MILTON B. MEREDITH
GARY C. MICHALAK
DEMPSEY B. MIZELLE
ENID MORRISON
ROBERT M. MOYER
PETER J. MURPHY, Jr.
HENRY A. NEIL, Jr.
BYRON S. NIELSON
ROBERT C. NICHOLS III
JOHN G. PLASHAL
SAMUEL R. PRESTON
DONALD E. RICHBOURG
EARL C. SILSBY
G. HOMER SKARIN
CHARLES W. SNODGRASS
HUNTER L. SPILLAN
GEORGE A. URIAN
EUGENE B. WILHELM
THAYER A. WOOD

ADMINISTRATIVE SUPPORT

GERARD J. CHOUINARD
PAUL V. FARMER
DANIEL V. GUN SHOWS
GEMMA M. HICKEY
LAWRENCE C. MILLER
FRANCIS W. SADY
DALE M. SHULAW
AUSTIN G. SMITH
RANDOLPH THOMAS

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1972

WEDNESDAY, MARCH 3, 1971.

DEPARTMENT OF THE INTERIOR

WITNESSES

HON. ROGERS C. B. MORTON, SECRETARY OF THE INTERIOR
RICHARD R. HITE, DEPUTY ASSISTANT SECRETARY FOR ADMINISTRATION
FRANCIS M. WILES, DIRECTOR OF BUDGET

WELCOMING OF SECRETARY MORTON

Mrs. HANSEN. The committee will come to order. Mr. Secretary, we are particularly proud to welcome a former colleague. It's very unusual that this is the second time one of our own colleagues has been appointed the Secretary of the Interior. We are extremely proud of you. We wish you all the best.

Secretary MORTON. Thank you, Madam Chairman.

INTRODUCTION OF COMMITTEE MEMBERS

Mrs. HANSEN. I would like to introduce the members of our subcommittee. To my left is Mr. Flynt of Georgia, Mr. Obey of Wisconsin, Mr. Yates of Illinois, and Mr. Galifianakis of North Carolina.

To my right is the very distinguished ranking minority member, Joe McDade; and Wendell Wyatt, my neighbor from Oregon. Mr. Clawson is unable to be here today.

TRIBUTE TO FORMER MEMBERS

I would like to pay a tribute to the members who are no longer on the committee. First is our old and very beloved friend, Mike Kirwan, who for so many years was chairman of this committee and whom we always remember as we begin our hearings.

Also, I would like to pay tribute to the former ranking minority member, Ben Reifel. He was an unforgettable member of this committee.

We are sorry too that Congressman Marsh of Virginia is no longer with us. He also was an excellent member.

REMARKS OF OTHER MEMBERS

I am sure that Mr. McDade wants to welcome you, Mr. Secretary.

Mr. MCDADE. Thank you, Madam Chairman. I want to echo the chairman's sentiments. I had the pleasure of coming to Congress in

the same Congress, the 88th, along with the Secretary and we on this side know him well and respect him and are looking forward to working with him enormously. We all have great confidence that you are going to go down as one of the really great Secretaries of Interior. We see evidence of that already. We welcome you to the committee.

Secretary MORTON. Thank you very much.

Mrs. HANSEN. Mr. Obey or Mr. Galifianakis, do you have anything to add at this time?

Mr. OBEY. No, Madam Chairman.

Mr. GALIFIANARIS. I feel the same sentiments about what a good and charming person Secretary Morton is. I think my own responsibility is going to have to refrain from the kind of duress that he can employ so skillfully. We wish to commend him too, as an exceedingly able and amiable person, and we wish him well on his new journey. Madam Chairman, I hope he stays on your side most of the time.

Mrs. HANSEN. Thank you. Mr. Wyatt.

Mr. WYATT. Thank you, Madam Chairman. I would like to say that I had the pleasure of sitting next to the Secretary for 4 long years as a member of the House Interior Committee and became very well acquainted with the Secretary. I welcome his appointment as the new Secretary of Interior. I have full and complete confidence that he is going to serve with great distinction.

I would like to have the record show that it is my belief that Rogers Morton is the only person whose residence is east of the Mississippi River, whose occupancy of this important position is palatable and very acceptable to those of us from the West who feel that this position historically should be filled by a westerner. Mr. Secretary, we have complete confidence in you, and I am sure it's going to be well justified.

Mrs. HANSEN. Mr. Secretary, you are an easterner with roots in Kentucky, but I know you also have a great understanding and appreciation for your western neighbors. The Department of the Interior's programs today reach nationwide and this is truly a nationwide department. In this committee we fund activities from Alaska to Maine and from the Great Lakes to the Trust Territories. This is a tremendous responsibility. The problems are many and varied. But let me assure you, Mr. Secretary, that this committee is here to serve the American people. That has always been our major goal.

1972 BUDGET ESTIMATES

The 1972 budget estimates for the Department of the Interior included in this bill for new budget authority and appropriations to liquidate contract authority total $1,586,891,000. This is an increase of $139,915,300 over funds appropriated to date for fiscal year 1971. At this point in the record we will insert a comparative statement of all items included in this bill.

(The statement follows.)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET ESTIMATES FOR 1972

[NOTE.—All amounts are in the form of "appropriations" unless otherwise indicated.]

Agency and item	New budget (obligational) authority appropriated, 1971 (enacted to date)	Budget estimates of new (obligational) authority, 1972	Budget estimates, 1972, compared with 1971 appropriations
(1)	(2)	(3)	(4)
TITLE I—DEPARTMENT OF THE INTERIOR			
PUBLIC LAND MANAGEMENT			
BUREAU OF LAND MANAGEMENT			
Management of lands and resources	$59,105,000	$72,970,000	+$13,865,000
Construction and maintenance	3,310,000	4,360,000	+1,050,000
Public lands development roads and trails (appropriation to liquidate contract authority)	*(3,500,000)*	*(3,200,000)*	*(−300,000)*
Oregon and California grant lands (indefinite, appropriation of receipts)	18,000,000	19,000,000	+1,000,000
Range improvements (indefinite, appropriation of receipts)	1,795,000	2,514,000	+719,000
Total, Bureau of Land Management	82,210,000	98,844,000	+16,634,000
BUREAU OF INDIAN AFFAIRS			
Education and welfare services	233,705,000	264,987,000	+31,282,000
Education and welfare services (appropriation to liquidate contract authority)	*(835,000)*	*(1,500,000)*	*(+665,000)*
Resources management	64,672,000	74,559,000	+9,887,000
Construction	19,885,000	36,385,000	+16,500,000
Road construction (appropriation to liquidate contract authority)	*(20,200,000)*	*(25,000,000)*	*(+4,800,000)*
General administrative expenses	5,600,000	5,913,000	+313,000
Payment to the Ute Tribe of the Uintah and Ouray Reservation	3,561,700		−3,561,700
Tribal funds (definite)	3,000,000	3,000,000	
Tribal funds (indefinite)	13,204,000	13,173,000	−31,000
Total, Bureau of Indian Affairs	343,627,700	398,017,000	+54,389,300
BUREAU OF OUTDOOR RECREATION			
Salaries and expenses	3,895,000	3,798,000	−97,000
LAND AND WATER CONSERVATION FUND			
Appropriation of receipts (indefinite)	327,400,000	362,500,000	+35,100,000
General fund		17,500,000	+17,500,000
(Appropriation out of the fund to liquidate contract authority)	*(30,000,000)*		*(−30,000,000)*
Total, Land and Water Conservation Fund	327,400,000	380,000,000	+52,600,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET ESTIMATES FOR 1972—Continued

[NOTE.—All amounts are in the form of "appropriations" unless otherwise indicated.]

Agency and item	New budget (obligational) authority appropriated, 1971 (enacted to date)	Budget estimates of new (obligational) authority, 1972	Budget estimates, 1972, compared with 1971 appropriations
(1)	(2)	(3)	(4)
OFFICE OF TERRITORIES			
Administration of territories	$17,350,000	$21,385,000	+$4,035,000
Permanent appropriation (special fund)	*(118,000)*	*(350,000)*	*(+232,000)*
Transferred from other accounts (special fund)	*(367,000)*	*(437,360)*	*(+70,360)*
Trust Territory of the Pacific Islands	49,750,000	59,739,000	+9,989,000
Total, Office of Territories	67,100,000	81,124,000	+14,024,000
Total, Public Land Management	824,232,700	961,783,000	+137,550,300
MINERAL RESOURCES			
GEOLOGICAL SURVEY			
Surveys, investigations, and research	106,392,000	121,207,000	+14,815,000
BUREAU OF MINES			
Conservation and development of mineral resources	46,422,000	46,094,000	−328,000
Health and safety	55,795,000	71,075,000	+15,280,000
General administrative expenses	1,799,000	1,876,000	+77,000
Helium fund (authorization to spend from public debt receipts)	20,700,000		−20,700,000
Helium fund (portion applied to liquidate contract authority)	*(29,800,000)*		*(−29,800,000)*
Total, Bureau of Mines	124,716,000	119,045,000	−5,671,000
OFFICE OF COAL RESEARCH			
Salaries and expenses	17,160,000	21,000,000	+3,840,000
OFFICE OF OIL AND GAS			
Salaries and expenses	1,181,000	1,495,000	+314,000
Total, Mineral Resources	249,449,000	262,747,000	+13,298,000
FISH AND WILDLIFE AND PARKS			
BUREAU OF SPORT FISHERIES AND WILDLIFE			
Management and investigations of resources	56,840,000	62,429,000	+5,589,000
Construction	5,144,000	4,440,000	−704,000
Migratory bird conservation account (definite, repayable advance)	7,500,000	7,500,000	
Anadromous and Great Lakes fisheries conservation	2,311,000	2,321,000	+10,000
General administrative expenses	1,875,000	2,035,000	+160,000
Total, Bureau of Sport Fisheries and Wildlife	73,670,000	78,725,000	+5,055,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET ESTIMATES FOR 1972—Continued

[NOTE.—All amounts are in the form of "appropriations" unless otherwise indicated.]

Agency and item	New budget (obligational) authority appropriated, 1971 (enacted to date)	Budget estimates of new (obligational) authority, 1972	Budget estimates, 1972, compared with 1971 appropriations
(1)	(2)	(3)	(4)
NATIONAL PARK SERVICE			
Management and protection	$60, 145, 000	$67, 604, 000	+87, 459, 000
Maintenance and rehabilitation of physical facilities	48, 543, 000	55, 810, 000	+7, 267, 000
Construction	18, 679, 000	37, 859, 000	+19, 180, 000
Parkway and road construction (appropriation to liquidate contract authority)	*(17, 650, 000)*	*(18, 500, 000)*	*(+850, 000)*
Preservation of historic properties	6, 801, 000	8, 096. 000	+1, 295. 000
General administrative expenses	3, 580, 000	3, 776, 000	+196, 000
Total, National Park Service	137, 748, 000	173, 145, 000	+35, 397. 000
Total, Fish and Wildlife and Parks	211, 418, 000	251, 870, 000	+40, 452, 000
OFFICE OF SALINE WATER			
Saline water conversion	28, 573, 000	27, 025, 000	−1, 548, 000
OFFICE OF WATER RESOURCES RESEARCH			
Salaries and expenses	13, 181, 000	14, 435, 000	+1, 254, 000
OFFICE OF THE SOLICITOR			
Salaries and expenses	7, 074, 000	6, 528, 000	−546, 000
OFFICE OF THE SECRETARY			
Salaries and expenses	11, 563, 000	13, 803. 000	+2, 240, 000
Salaries and expenses (special foreign currency program)		500, 000	+500, 000
Total, Office of the Secretary	11, 563, 000	14, 303, 000	+2, 740, 000
Total, new budget (obligational) authority, Department of the Interior	1, 345, 499, 700	1, 538. 691, 000	+193, 200, 300
Consisting of—			
Appropriations	1, 324, 790, 700	1, 538, 691, 000	+213, 900, 300
Definite appropriations	(964, 391, 700)	(1, 141, 504, 000)	(+177, 112, 300)
Indefinite appropriations	(360, 399, 000)	(397, 187, 000)	(+36, 788, 000)
Authorization to spend from public debt receipts	20, 700, 000		−20, 700, 000
Memoranda—			
Appropriations to liquidate contract authority	(101, 485, 000)	(48, 200, 000)	(−53, 285, 000)
Total, new budget (obligational) authority *and* appropriations to liquidate contract authority	(1, 446, 975, 700)	(1, 586, 891, 000)	(+139, 915, 300)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET ESTIMATES FOR 1972—Continued

[NOTE.—All amounts are in the form of "appropriations" unless otherwise indicated.]

Agency and item (1)	New budget (obligational) authority appropriated, 1971 (enacted to date) (2)	Budget estimates of new (obligational) authority, 1972 (3)	Budget estimates, 1972, compared with 1971 appropriations (4)
TITLE II—RELATED AGENCIES			
DEPARTMENT OF AGRICULTURE			
FOREST SERVICE			
Forest protection and utilization:			
Forest land management	$199, 767, 000	$225, 118, 000	+$25, 351, 000
Forest research	45, 699, 000	47, 668, 000	+1, 969, 000
State and private forestry cooperation	23, 939, 000	24, 067, 000	+128, 000
Total, forest protection and utilization	269, 405, 000	296, 853, 000	+27, 448, 000
Construction and land acquisition	15, 665, 700	24, 912, 000	+9, 246, 300
Youth conservation corps	2, 500, 000		−2, 500, 000
Forest roads and trails (appropriation to liquidate contract authority)	*(115, 000, 000)*	*(135, 300, 000)*	*(+20, 300, 000)*
Acquisition of lands for national forests:			
Special acts (special fund, indefinite)	80, 000	80, 000	
Acquisition of lands to complete land exchanges		26, 035	+26, 035
Cooperative range improvements (special fund, indefinite)	700, 000	700, 000	
Assistance to States for tree planting	1, 000, 000	1, 013, 000	+13, 000
Total, new budget (obligational) authority, Forest Service	289, 350, 700	323, 584, 035	+34, 233, 335
COMMISSION OF FINE ARTS			
Salaries and expenses	115, 000	115, 000	
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE			
HEALTH SERVICES AND MENTAL HEALTH ADMINISTRATION			
Indian health services	117, 986, 000	137, 576, 000	+19, 590, 000
Indian health facilities	18, 715, 000	18, 789, 000	+74, 000
Total, Health Services and Mental Health Administration	136, 701, 000	156, 365, 000	+19, 664, 000
INDIAN CLAIMS COMMISSION			
Salaries and expenses	1, 000, 000	1. 025, 000	+25, 000
NATIONAL CAPITAL PLANNING COMMISSION			
Salaries and expenses	[1] 891, 000	1, 290, 000	+399, 000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET ESTIMATES FOR 1972—Continued

[NOTE.—All amounts are in the form of "appropriations" unless otherwise indicated.]

Agency and item	New budget (obligational) authority appropriated, 1971 (enacted to date)	Budget estimates of new (obligational) authority, 1972	Budget estimates, 1972, compared with 1971 appropriations
(1)	(2)	(3)	(4)
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			
Salaries and expenses	$2,660,000	83,431,000	+$771,000
Endowment for the arts	15,090,000	30,000,000	+14,910,000
Endowment for the humanities	13,560,000	30,000,000	+16,440,000
Total, National Foundation on the Arts and the Humanities	31,310,000	63,431,000	+32,121,000
PUBLIC LAND LAW REVIEW COMMISSION			
Salaries and expenses	171,000		−171,000
SMITHSONIAN INSTITUTION			
Salaries and expenses	34,702,000	45,004,000	+10,302,000
Museum programs and related research (special foreign currency program)	2,500,000	5,500,000	+3,000,000
Science information exchange		1,400,000	+1,400,000
Construction and improvements, National Zoological Park	200,000	200,000	
Restoration and renovation of buildings	1,725,000	1,050,000	−675,000
Construction		1,900,000	+1,900,000
Construction (appropriation to liquidate contract authority)	*(5,200,000)*	*(3,697,000)*	*(−1,503,000)*
Salaries and expenses, National Gallery of Art	3,716,000	4,534,000	+818,000
Salaries and expenses, Woodrow Wilson International Center for Scholars	750,000	683,000	−67,000
Total, Smithsonian Institution	43,593,000	60,271,000	+16,678,000
EXECUTIVE OFFICE OF THE PRESIDENT			
Salaries and expenses, National Council on Marine Resources and Engineering Development	400,000		−400,000
FEDERAL FIELD COMMITTEE FOR DEVELOPMENT PLANNING IN ALASKA			
Salaries and expenses	214,000		−214,000
HISTORICAL AND MEMORIAL COMMISSIONS			
Franklin Delano Roosevelt Memorial Commission		37,000	+37,000
AMERICAN REVOLUTION BICENTENNIAL COMMISSION			
alaries and expenses	373,000		−373,000
NATIONAL COUNCIL ON INDIAN OPPORTUNITY			
Salaries and expenses	275,000	300,000	+25,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET ESTIMATES FOR 1972—Continued

[NOTE.—All amounts are in the form of "appropriations" unless otherwise indicated.]

Agency and item	New budget (obligational) authority appropriated, 1971 (enacted to date)	Budget estimates of new (obligational) authority, 1972	Budget estimates, 1972, compared with 1971 appropriations
(1)	(2)	(3)	(4)
FEDERAL METAL AND NONMETALLIC MINE SAFETY BOARD OF REVIEW			
Salaries and expenses	$167,000	$167,000	
Total, new budget (obligational) authority, related agencies	504,560,700	606,585,035	+$102,024,335
Consisting of—			
Appropriations	504,560,700	606,585,035	+102,024,335
Definite appropriations	(503,780,700)	(605,805,035)	(+102,024,335)
Indefinite appropriations	(780,000)	(780,000)	
Memoranda—			
Appropriations to liquidate contract authority	(120,200,000)	(138,997,000)	(+18,797,000)
Total, new budget (obligational) authority *and* appropriations to liquidate contract authority	(624,760,700)	(745,582,035)	(+120,821,335)
RECAPITULATION			
Grand total, new budget (obligational) authority, all titles	1,850,051,400	2,145,276,035	+295,224,635
Consisting of—			
1. Appropriations	1,829,351,400	2,145,276,035	+315,924,635
Definite appropriations	(1,468,172,400)	(1,747,309,035)	(+279,136,635)
Indefinite appropriations	(361,179,000)	(397,967,000)	(+36,788,000)
2. Authorization to spend from public debt receipts	20,700,000		−20,700,000
Memoranda—			
Appropriations to liquidate contract authority	(221,685,000)	(187,197,000)	(−34,488,000)
Grand total, new budget (obligational) authority *and* appropriations to liquidate contract authority	(2,071,736,400)	(2,332,473,035)	(+260,736,635)

[1] In addition, $229,000 transferred from "Land Acquisition, National Capital Park, Parkway, and Playground System."

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND THE BUDGET ESTIMATES FOR 1972

PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—FEDERAL FUNDS

[Becomes available automatically under earlier, or "permanent" law without further, or annual action by the Congress. Thus, these amounts are not included in the accompanying bill]

Budget Appendix Page No.	Agency and Item (1)	New budget (obligational) authority, 1971 (2)	Budget estimate of new (obligational) authority, 1972 (3)	Increase (+) or decrease (−) (4)
	Department of the Interior—Indefinite: [2]			
	Payments to State and local governments:			
559	Payments to States (proceeds of sales)	$241,000	$268,000	+$27,000
559	Payment of royalties to Oklahoma		1,000	+1,000
559	Payments to States (grazing fees)	1,000	2,000	+1,000
559	Payments to States from grazing receipts, public lands	753,000	970,000	+217,000
559	Coos Bay Wagon Road grant lands, payments to Coos Bay and Douglas Counties, Oreg., in lieu of taxes	525,000	600,000	+75,000
559	Oregon and California grant lands, payment to counties	29,402,000	36,000,000	+6,598,000
559	Mineral leasing, payment to States	54,944,000	54,778,000	−166,000
559	Payment to counties, national grasslands, Bureau of Land Management	191,000	218,000	+27,000
568	Claim and treaty obligations, Bureau of Indian Affairs	161,000	161,000	
568	Acquisition of lands and loans to Indians in Oklahoma, Act of June 26, 1936	10,000	10,000	
602	Educational expenses, children of employees, Yellowstone National Park	113,700	177,000	+63,300
602	Payments to State of Wyoming, in lieu of taxes on lands in Grand Teton National Park, National Park Service	12,000	23,000	+11,000
577	Internal Revenue collections for Virgin Islands, Office of Territories	16,095,044	17,262,640	+1,167,596
575	Administration of territories	485,000	787,360	+302,360
595	Payment to counties under Migratory Bird Conservation Act	2,730,762	2,683,000	−47,762
	Subtotal	105,664,506	113,941,000	+8,276,494
	Receipts applied to operations:			
559	Expenses, Public Land Administration Act	1,202,000	1,202,000	
559	Litter prevention and clean-up, Bureau of Land Management	1,000	2,000	+1,000
568	Operation and maintenance revenue, Indian irrigation systems	4,130,000	4,130,000	
568	Power revenues, Indian irrigation projects	3,280,000	3,280,000	
594	Migratory bird conservation fund	6,000,000	6,000,000	

(See footnotes at end of table, p. XI.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND THE BUDGET ESTIMATES FOR 1972—Continued

PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—FEDERAL FUNDS—Continued

[Becomes available automatically under earlier, or "permanent" law without further, or annual action by the Congress. Thus, these amounts are not included in the accompanying bill]

Budget Appendix Page No.	Agency and item (1)	New budget (obligational) [1] authority, 1971 (2)	Budget estimate of new (obligational) authority, 1972 (3)	Increase (+) or decrease (−) (4)
	Department of the Interior—Indefinite: [2]—Continued			
	Receipts applied to operations—Continued			
595	Management of national wildlife refuges and enforcement activities	$1,269,238	$1,317,000	+$47,762
595	Expenses, incident to sale of refuge products	500,000	500,000	
	Subtotal	16,382,238	16,431,000	+48,762
	Mixed receipts:			
	Federal aid in fish restoration and management:			
595	Payments to States	13,091,391	15,817,500	+2,726,109
595	Applied to operations	832,700	682,500	−150,200
	Federal aid in wildlife restoration:			
595	Payments to States	30,541,325	40,161,500	+9,620,175
595	Applied to operations	2,264,400	2,038,500	−225,900
	Subtotal	46,729,816	58,700,000	+11,970,184
	Contract authority:			
556	Public lands development roads and trails, Bureau of Land Management	5,000,000	10,000,000	+5,000,000
561	Education and welfare services, Bureau of Indian Affairs (Indefinite)	1,500,000	1,500,000	
566	Road construction, Bureau of Indian Affairs	30,000,000	30,000,000	
573	Land and water conservation, Bureau of Outdoor Recreation	30,000,000	30,000,000	
601	Parkway and road construction, National Park Service	20,000,000	50,000,000	+30,000,000
	Subtotal	86,500,000	121,500,000	+35,000,000
	Total, Department of the Interior	255,276,560	310,572,000	+55,295,440
	Department of Agriculture—Forest Service—Definite:			
210	Forest roads and trails (contract authority)	170,000,000	170,000,000	

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND THE BUDGET ESTIMATES FOR 1972—Continued

PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—FEDERAL FUNDS—Continued

[Becomes available automatically under earlier, or "permanent" law without further, or annual action by the Congress. Thus, these amounts are not included in the accompanying bill]

Budget Appendix Page No.	Agency and Item (1)	New budget (obligational) [1] authority, 1971 (2)	Budget estimate of new (obligational) authority, 1972 (3)	Increase (+) or decrease (−) (4)
	Department of Agriculture—Forest Service—Definite—Con.			
	Payments to States and local governments (indefinite):			
213	Payments to States, national forests funds (25 percent fund)	$71,896,615	$81,891,000	+$9,994,385
213	Payments to Minnesota (Cook, Lake, and St. Louis Counties)	258,006	265,000	+6,994
213	Payments to counties, national grasslands	512,500	512,500	
213	Payments to school funds, Arizona and New Mexico	84,338	100,000	+15,662
	Subtotal	242,751,459	252,768,500	+10,017,041
	Receipts applied to operations:			
213	Expenses, brush disposal (indefinite)	12,800,000	14,000,000	+1,200,000
213	Roads and trails for States (10 percent fund) (indefinite)	28,761,091	32,760,000	+3,998,909
213	Forest fire prevention (Smokey Bear) (indefinite)	133,000	135,000	+2,000
213	Restoration of forest lands and improvements (indefinite)	35,000	50,000	+15,000
	Subtotal	41,729,091	46,945,000	+5,215,909
	Total, Department of Agriculture—Forest Service	284,480,550	299,713,500	+15,232,950
	Total, permanent new budget (obligational) authority, Federal funds	539,757,110	610,285,500	+70,528,390

[1] Some amounts are estimated and therefore subject to change.
[2] Exclusive of Bonneville Power Administration, Bureau of Reclamation, Southeastern Power Administration, Southwestern Power Administration, Alaska Power Administration, and Underground Electric Power Transmission Research (which will be considered in connection with the Public Works for Water and Power Development and Atomic Energy Commission appropriation bill).

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND THE BUDGET ESTIMATES FOR 1972

PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—TRUST FUNDS

Becomes available automatically under earlier, or "permanent" law without further, or annual action by the Congress. Thus, these amounts are not included in the accompanying bill]

Budget Appendix Page No.	Agency and Item (1)	New budget (obligational) authority, 1971 (2)	Budget estimate of new (obligational) authority, 1972 (3)	Increase (+) or decrease (−) (4)
	Department of the Interior—Indefinite: [1]			
561	Deposits by individuals for surveying public lands	$60,000	$60,000	
561	Administration and protection of grazing districts	600,000	600,000	
561	Trust funds, Alaska townsites, Bureau of Land Management	5,000	5,000	
571	Indian moneys, proceeds of labor, agencies, schools, etc	5,800,000	5,800,000	
571	Bequest of George C. Edgeter, relief of indigent Indians	2,000	2,000	
571	Miscellaneous trust funds of Indian tribes [2]	115,715,000	52,669,000	−$63,046,000
604	Donations, National Park Service	1,100,460	1,497,460	+397,000
604	Birthplace of Abraham Lincoln, preservation of, National Park Service	2,540	2,540	
587	Contributed funds, Bureau of Mines	1,300,000	1,300,000	
596	Contributed funds, Bureau of Sport Fisheries and Wildlife	999,700	1,262,950	+263,250
604	Jefferson National Expansion Memorial contributions	1,008,000		−1,008,000
629	Cooperation with foreign agencies, Office of Saline Water	1,212,222		−1,212,222
629	*Office of Saline Water (appropriation to liquidate contract authority)*	*(2,737,000)*	*(600,000)*	*(−2,837,000)*
	Total, Department of the Interior	127,804,922	63,198,950	−64,605,972
217	Department of Agriculture—Forest Service, cooperative work (indefinite)	44,750,000	45,000,000	+250,000
	Other agencies—Indefinite:			
927	American Revolution Bicentennial Commission: Donations	91,000		−91,000
938	National Capital Planning Commission: Advances from the District of Columbia	170,000	170,000	
942	National Foundation on the Arts and the Humanities: Gifts and donations	7,527,000	7,000,000	−527,000
974	Smithsonian Institution: Canal Zone biological area fund	35,000	37,000	+2,000
974	National Zoological Park: Advances from the District of Columbia	168,000		−168,000
414	Contributions, Indian sanitation facilities	100,000	100,000	
	Total, other agencies	8,091,000	7,307,000	−784,000
	Grand total, permanent new budget (obligational) authority, trust funds	180,645,922	115,505,950	−65,139,972

[1] Exclusive of Bonneville Power Administration, Bureau of Reclamation, Southeastern Power Administration, Southwestern Power Administration, Alaska Power Administration and Underground Electic Power Transmission Research (which will be considered in connection with the Public Works for Water and Power Development and Atomic Energy Commission appropriation bill).

[2] Annual appropriation required.

Mrs. HANSEN. Mr. Secretary, will you introduce your staff.

STATEMENT OF THE SECRETARY OF THE INTERIOR

Secretary MORTON. First, Madam Chairman, let me respond in kind to the very kind words that you have spoken this morning in my behalf and those of my former colleagues with whom it was my great privilege to serve in the House of Representatives.

I feel very much at home here. I have always felt that this committee had a great sense of balance in its allocation of the priorities that are needed in the carrying out of the many, many missions that the Interior Department has. I have been treated very well before this committee as a colleague, and I understand how thorough it is in its deliberations.

I share with you the love and respect and feelings about our former colleague, Mike Kirwan, who gave so much of his life to his country through the Congress. He was one of the alltime greats.

I am very proud to say that former Congressman Reifel is serving as an adviser to the National Park Service, and we are delighted to have him in this capacity. We welcome his wise counsel.

The Department has benefited from the wisdom and help of this committee and its able chairman and we shall continue to look to this committee for guidance and counsel.

As a former Member of the House of Representatives, with the honor of having served on the Interior and Insular Affairs Committee and on the Merchant Marine and Fisheries Committee, I am aware of the close relationship that must exist between this committee and the Department if we are to achieve worthwhile progress in solving our conservation problems.

We look forward to working closely with you in the days ahead. You may be assured of my full cooperation, as well as that of my immediate staff and the representatives of the bureaus within the Department.

1972 BUDGET ESTIMATE

The total budget estimate for the Department of the Interior included in the bill before this committee is $1.6 billion. This is an increase of $111 million over the adjusted appropriation for fiscal year 1971.

INTRODUCTION OF MESSRS. HITE AND WILES

I have with me this morning, Madam Chairman, our very able Deputy Assistant Secretary for Administration, Dick Hite, whom I know you know well, and also our Director of Budget, Frank Wiles, whom you also know well.

Mrs. HANSEN. May I express a particularly warm welcome to them both, because they have represented the Department as budget officers in rather difficult years when they had to explain, without too much satisfaction to the committee, why so many funds were placed in the "deep freeze" at periods when the budget did not reflect some of our most pressing needs. Mr. Hite and Mr. Wiles, we welcome you this morning.

Mr. WILES. Thank you, Madam Chairman.

Mrs. HANSEN. The committee trusts you have better information than you have had before. If you don't, you are in trouble.

Mr. WILES. I know it, Madam Chairman.

Mr. HITE. We will reserve comment, Madam Chairman.

Mrs. HANSEN. Thank you, Mr. Secretary.

Secretary MORTON. Madam Chairman, I thought for the sake of brevity and in order for you to explore those areas that you would like to explore more fully, instead of reading the balance of my prepared remarks, I would give you a very quick comparative one.

BIOGRAPHIES

Mrs. HANSEN. Prior to this, will you please insert in the record the biography of the witnesses appearing before this committee today. Also insert your statement in the record and summarize it for us, please.

(The information follows.)

ROGERS C. B. MORTON
Secretary of the Interior

Rogers C. B. (Clark Ballard) Morton, former Maryland Congressman, was sworn in as the 39th Secretary of the Interior January 29, 1971, thus continuing his long association with natural resource policies and programs.

A native of Louisville, Ky., and owner of a farm and commercial cattle-feeding operation near Easton, Md., Secretary Morton was nominated to the Cabinet post by President Nixon January 25, 1971. He was confirmed by the Senate January 28, 1971.

Secretary Morton first was elected to the 88th Congress and was elected to successive Congresses from Maryland's First District.

During his first three terms in the House of Representatives he served on the Interior and Insular Affairs Committee and on the Merchant Marine and Fisheries Committee. He was a member of the House Ways and Means Committee before becoming Secretary of the Interior.

Mr. Morton strongly supported proposals for preserving wilderness areas and creating new national parks. He drafted basic legislation which, in 1965, established the Assateague Island National Seashore, Maryland-Virginia, and aided in developing legislation for preserving estuarine areas. This became law in 1968. He sponsored an oil pollution control bill which was incorporated in the Water Quality Act of 1970.

He also was responsible for Federal legislation that authorized a special resources study of the Chesapeake Bay to help guide future planning for this significant waterway.

As a member of the Public Land Law Review Commission, in 1965-67, Mr. Morton worked on recommendations for new government policies in managing the hundreds of millions of acres of public property.

In the 91st Congress, Mr. Morton was a House sponsor of the Administration's comprehensive program for improving the environment through stronger anti-pollution laws, more parks and public recreation facilities, and better disposal methods for solid wastes.

He was sponsor of the National Land-Use Planning Bill which was introduced in the 91st Congress.

"One of the greatest challenges which faces us in the coming years--one which can offer the greatest hope from being condemned to living in a veritable trash heap--is the concept of land-use planning," he commented.

As ranking minority member of the Territorial and Insular Affairs Subcommittee of the House Interior Committee, Mr. Morton was one of two Congressional members appointed to the United States-Puerto Rico Commission on the status of the Commonwealth of Puerto Rico. He has made two trips to inspect the administration of the U.S. Trust Territory in the Pacific and worked for Federal legislation that led to the popular election method for selecting governors of Guam and the Virgin Islands.

Mr. Morton was born September 19, 1914, attended Woodberry Forest School in Virginia, and was graduated from Yale University in 1937. In 1943 he entered the Army as a private in the field artillery, served in the European Theater in World War II, and attained the rank of captain.

Following military duty he joined the family business of Ballard and Ballard Company at Louisville, serving in various administrative posts, including president, until the firm merged with the Pillsbury Company in 1951.

In 1968, Mr. Morton was floor manager for President Nixon at the Republican National Convention in Miami. In April 1969, he became Chairman of the Republican National Committee, serving without compensation.

Mr. Morton was a member of the Board of Visitors of the United States Naval Academy for several years. He also has served since 1962 on the Board of Visitors and Governors of Washington College of Maryland.

Mr. Morton is married to the former Anne Jones. Their two children are David C. Morton, an architect, and Anne Morton (Mrs. Henry) McCance of Boston, Mass. The Mortons are Episcopalians.

x x x

BIOGRAPHICAL SKETCH OF RICHARD R. HITE

Deputy Assistant Secretary for Administration

Mr. Richard R. Hite was born March 28, 1926, in Columbus, Georgia, but has resided in the District of Columbia area since the age of 6 months. His parents were natives of Washington, D.C.

Mr. Hite attended the District public schools, graduating from Western High School in 1944. After graduation he served in the United States Navy for 2 years, seeing duty in the Pacific. Upon his honorable discharge from the Navy in 1946, Mr. Hite attended American University in Washington, D.C., and was graduated cum laude with a Bachelor of Arts degree in economics in 1950.

He entered the Federal Government service as a management intern in the Department of Defense (Navy) in 1951. With the exception of a 15-month period in 1952-1953 when he was employed in the Office of the Comptroller, Potomac Electric Power Company, Mr. Hite has served continuously in the Federal Government since 1951.

During the period 1954-1966, Mr. Hite served on the Department of the Army Headquarters Staff as a management and budget analyst for the Deputy Chief of Staff for Personnel, the Chief of Research and Development, and, finally in the Office of the Army Chief of Staff. In his final assignment for the Department of the Army, at the request of General William C. Westmoreland, he conducted a survey of the staffing organization, and management procedures of the U.S. Command, Viet Nam, in Saigon.

In August 1966, Mr. Hite joined the Executive Office of the President, Bureau of the Budget, as an examiner in the General Government Management Division. During his 3 years with the Bureau, he served as principal examiner for the General Services Administration and the Post Office Department. In connection with the recent efforts on postal reform, Mr. Hite chaired a Bureau of the Budget committee which reviewed and evaluated reports of the President's Commission on Postal Organization, prepared the Bureau of the Budget's position, and assisted in the formulation of the postal reform bill which is currently before the Congress.

Mr. Hite was appointed Director of Budget on September 15, 1969, and to his present position of Deputy Assistant Secretary for Administration on July 1, 1970.

Mr. Hite holds the Meritorious Civilian Service Award from the Department of the Army.

Mr. Hite is married to the former Eileen Mary Doyle of Listowel, County Kerry, Ireland. They have two children, Kathleen 11, and John 6. They reside at 2108 North Jefferson Street, Arlington, Virginia, 22205.

BIOGRAPHICAL SKETCH OF FRANCIS M. WILES

Director of Budget

Mr. Francis M. Wiles was born March 4, 1921, in Washington, D.C. He attended the District public schools and graduated from McKinley High School.

Mr. Wiles has been with the Federal Government since 1940, broken only by some 3-1/2 years service with the U. S. Coast Guard from 1942 to 1945. He attended Benjamin Franklin University night school and received a Bachelor of Commercial Science Degree. He served in various administrative and accounting capacities with the Geological Survey and the Office of Territories, and in 1940 joined the Office of Budget of the Office of the Secretary as budget and finance examiner.

In 1958 Mr. Wiles was appointed Budget Officer for the Bureau of Indian Affairs where he served until 1966. He then returned to the Office of Budget in the capacity of Assistant Financial Manager until he was appointed to the position of Deputy Director in September of 1968. In August of this year he was appointed to the position he now holds, that of Director of Office of Budget.

Mr. Wiles is married to the former Marie Julia Lennon. They have four sons and two daughters.

STATEMENT BY SECRETARY OF THE INTERIOR, ROGERS C.B. MORTON
BEFORE THE HOUSE INTERIOR APPROPRIATIONS COMMITTEE

Madam Chairman and Members of this Committee:

It is a distinct privilege to appear before you; this Committee has always taken a keen interest in and been a strong supporter of the Department's programs.

The Department has benefitted from the wisdom and help of this Committee and its able Chairman, and we shall continue to look to this Committee for guidance and counsel.

As a former Member of the House of Representatives, with the honor of having served on the Interior and Insular Affairs Committee and on the Merchant Marine and Fisheries Committee, I am aware of the close relationship that must exist between this Committee and the Department if we are to achieve worthwhile progress in solving our conservation problems.

We look forward to working closely with you in the days ahead. You may be assured of my full cooperation, as well as that of my immediate staff and the representatives of the bureaus within the Department.

Amount of Budget

The total budget estimate for the Department of the Interior included in the bill before this Committee is $1.6 billion. This is an increase of $111 million over the adjusted appropriation for fiscal year 1971.

BUREAU OF LAND MANAGEMENT

The Bureau of Land Management, which is responsible for the conservation, management and development of some 452 million acres of the Nation's public lands, including 278 million acres in Alaska is requesting appropriations of $102 million, an increase of $14.3 million over 1971.

Included in this increase are additional funds for fire protection. We can ill-afford the loss of surface resources destroyed each year because of the ravages of wildfire. Nor can we accept the high costs of suppressing these fires, part of which is due to a shortage of initial attack and fire support forces at the start of emergency fire periods. Improved fire protection is needed to adequately protect our public lands, our resources and our environment from the destructive influence of wildfire.

The Bureau has singular responsibility for the establishment and maintenance of the public land survey grid. This grid provides the basis for most property identification in the grant land states of the United States. The identification and delineation of property boundaries play a major role in a wide variety of Federal land and resource programs. Many programs cannot be initiated or completed without new surveys or resurveys and the need for Cadastral support expands each year. Thus, it is imperative that this vital service be increased to catch up with the demands placed upon it if the public land programs of the government are to proceed on an orderly basis.

Millions of people annually visit the public lands under the Bureau's jurisdiction for a variety of recreational pursuits. For the most part, facilities are lacking to accommodate the public; fish and wildlife opportunities are not keeping pace with the population increases; and the Bureau's management, maintenance and clean-up efforts are hard pressed to keep up with the demands made upon them. The Bureau's 1972 programs are aimed at closing the gap between public land visitation and its recreational capabilities, leading to improved opportunities and a reduction of overuse and misuse of these outdoor resources.

BUREAU OF INDIAN AFFAIRS

The Bureau of Indian Affairs is requesting $424.5 million, an increase of $48.9 million over funding for 1971.

The additional funds will be used to accelerate the momentum of the major goals of the Administration to provide the American Indian with the opportunity and assistance to live in prosperity, dignity and honor, and to emphasize the necessity of total Indian involvement. This is in keeping with the President's message for Indians to the Congress on July 8, 1970--"Self-determination without termination," wherein he stated that "On every scale of measurement--employment, income, education, health--the condition of the Indian people ranks at the bottom."

We are committed, therefore, to a reaffirmation of the Federal trust responsibility while emphasizing a greater degree of Indian involvement in the Bureau's programs.

The increased funding will be applied to education of Indian children, involving additional enrollment, a more adequate level of funding for Federal schools and scholarships; additional classrooms and new school buildings; improving the production of natural resources, and commercial and industrial development on the reservations so as to create Indian employment opportunities.

In all of these programs, we intend to employ Indians to the greatest extent possible in keeping with the aim of greater Indian involvement and participation.

BUREAU OF OUTDOOR RECREATION

Meeting the Nation's needs for additional outdoor recreation areas and facilities will require the coordinated efforts of all Federal, State and local outdoor recreation agencies. Effective coordination of Federal programs and increased aid to State and local governments are the principal goals of the Bureau of Outdoor Recreation for 1972.

The primary tool for providing increased recreation areas and facilities is the Land and Water Conservation Fund. With the passage of P.L. 91-485, income to the Fund is authorized at $300 million annually. Since this increased funding became effective in fiscal year 1971, we have a total of $400 million available in fiscal year 1972--the $300 million which will accrue during the year plus $100 million from the additional fiscal year 1971 authorization. In keeping with the Administration policy of full funding for the Land and Water Conservation Fund, we are requesting that $380 million be appropriated now, the remaining $20 million to be set aside for Redwood National Park, and requested when actually needed.

Of the $380 million, $280 million is for the State grant program. This amount will enable the States and local governments to move more rapidly in providing recreation opportunities in and near urban areas, where the greatest needs are. The remaining $100 million will be used for land acquisition by the National Park Service, Forest Service, Bureau of Sport Fisheries and Wildlife, Bureau of Land Management, and administrative expenses of the Bureau of Outdoor Recreation.

OFFICE OF TERRITORIES

For the territorial programs, we are asking for appropriations of approximately $81 million for the continued expansion of the economic, social and political development of the Trust Territory of the Pacific Islands, American Samoa, Guam and the Virgin Islands.

This is an increase of about $14 million over our 1971 appropriations. $10 million of this amount results from recently enacted legislation increasing the annual authorization for the Trust Territory to $60 million. These funds will provide substantial progress toward attaining the goals of the Micronesian people and assist this Government's obligation under the Trusteeship agreement approved by Congress under which this area is administered by the United States.

GEOLOGICAL SURVEY

The Geological Survey provides much of the information about our land and its resources, information which is essential for making intelligent and difficult choices about resource use and environmental impacts which lie ahead.

The information and the expertise which Survey has accumulated in carrying out its resource investigations over the years has proven invaluable in dealing with the critical problems which the Department and the Administration have faced in recent years. We propose to strengthen these investigations in 1972 and further strengthening will undoubtedly be required in the years ahead.

We are requesting $121.2 million in 1972, an increase of $9.8 million over 1971. In addition to the traditional mapping, research, and investigational programs of the Survey, the 1972 proposals include two relatively new ventures of great potential and significance. These are the Earth Resources Observation Systems (EROS) Program and our Urban Area Studies. 1972 will be a critical year for the earth resources survey program. NASA's ERTS-A satellite will be launched in the spring of 1972; our EROS Program provides for establishing a key data center to process, evaluate, and disseminate data from that experimental satellite. We look to the future of this program with great expectation. It will provide us with a much needed capability to deal with the important problems of land-use and of assessing our resources on a national basis.

The Urban Area Studies are designed to provide a sound base of knowledge of physical resources and environment for planning and carrying out programs for the development of our urban regions, where by the year 2000 nearly 80% of our people will live if present trends continue. There is a growing awareness that the intensive development of our cities and urban areas must be founded on a better understanding of the opportunities and constraints which nature imposes. This program responds to that awareness and is designed to provide much of the critical information needed for better planning and management.

BUREAU OF MINES

The Bureau of Mines is requesting appropriations of $119 million. This is a net increase of $12 million, over 1971, exclusive of the Helium Fund borrowing authority.

While some additional funds are being requested for several mineral programs addressed to environmental issues, the Bureau's principal emphasis in 1972 will be on intensifying its efforts to provide for the health and safety of the workers in the mineral industry both for coal miners and for workers in metal and nonmetal mines. Specifically, the budget proposes to --

Accelerate research programs to improve health and safety conditions in coal mines. Total funding will approximate the full $30 million authorized in the Federal Coal Mine Health and Safety Act of 1969.

Continue funding so as to fully enforce the provisions of the 1969 Act. We anticipate being completely staffed for the job in 1972.

Provide a five-fold increase in research to improve health and safety conditions in metal and nonmetal mines.

Continue expanding the enforcement and training staffs under the Federal Metal and Nonmetallic Mine Safety Act of 1969.

No funds are being requested for the helium program since the four companies holding contracts for the sale of helium to the United States have been notified of the termination of their contracts pursuant to the terms thereof, and no purchases of helium will be made after March 27, 1971. However, a supplemental request for 1971 is anticipated for liquidating obligations under these contracts.

OFFICE OF COAL RESEARCH

The $21 million being requested for the Office of Coal Research represents an increase of $3.8 million over 1971. This will permit research to proceed on the pilot plant operational phase of four projects and to begin construction on two others. All of these efforts, as well as those being conducted under other contracts, are directed to finding ways to convert coal into a clean, nonpolluting source of fuel to meet the Nation's growing requirements for energy and fuel.

BUREAU OF SPORT FISHERIES AND WILDLIFE

The Bureau of Sport Fisheries and Wildlife requests appropriations of $78.7 million, an increase of $3.1 million over 1971. Its programs are aimed at enhancing and protecting the Nation's wildlife and inland fishery resources, both for their recreational and economic value, and to prevent their destruction or depletion.

A much needed expansion is planned of studies on environmental impacts on fish and wildlife associated with National water development programs.

Increased effort on basic research of the effects environmental pollutants have on fish and wildlife are proposed. Chemical residues of toxic compounds in wild animal populations have been one of our most effective early warning systems and thus more intelligently predict these impacts on man himself.

The land acquisition program for waterfowl will continue to emphasize small wetland tracts in the North Central States which are heavy producers of waterfowl.

NATIONAL PARK SERVICE

The total appropriation request for the National Park Service for 1972 is $191.6 million. This is an increase of $30.8 million over 1971 and will provide for the continuing development and operation of our expanding National Park System.

The 100th anniversary of the conception of the National Park System at Yellowstone will be celebrated during 1972. A number of projects are underway to prepare the parks for the commemoration of the Centennial of the National Parks and for the World Conference on National Parks. The Service will have a major role in support of the National Parks Centennial Commission, established by the Congress, to plan and conduct the many programs relating to this major event.

The estimate provides funds to operate and maintain five new areas which have been added to the National Park System, and to continue the program begun in 1971 to bring operation and maintenance up to acceptable standards in all parks. Also, visitation is expected to increase to almost 184 million, an increase of some 9.5 million over estimated visits in 1971 and an increase of 17 million over actual visits in 1970. This increase in the people who use the parks means added workload in operating the parks, including law enforcement and interpretive services.

Emphasis has been placed on projects to control air and water pollution in and adjacent to the park areas, as part of the Administration's program to reduce or eliminate environmental pollution by Federal agencies in their facilities. Provision is also made for constructing several projects in parks associated with the American Revolution Bicentennial in preparation for the celebration in 1976, as well as for modernizing existing and constructing new facilities to meet the needs of visitors.

The Service's budget also includes amounts to continue the coordinated program of historic preservation outside the National Park System in cooperation with other Federal agencies, the States and many other public and private organizations.

OFFICE OF SALINE WATER

The very important responsibility for developing new sources of water for this Nation through research and development of low-cost processes is entrusted to the Office of Saline Water. That office is proposing an appropriation request of $27 million which is approximately

$1.5 million less than was available in 1971. This is a net reduction due to completion of funding in the amount of $4.3 million of a Vertical Tube Evaporator Multi-stage Flash module to be constructed in cooperation with the Orange County Water District in Fountain Valley, California.

The estimate provides for undertaking a larger scale development effort, reflected in two new test beds using the reverse osmosis principle. One is a sea water plant capable of producing 250,000 gallons per day which would benefit immensely the small coastal communities (some of whom now depend upon bottled water for human consumption); the other a 750,000 gallon per day High Product Recovery Test Bed designed to substantially reduce the volume of brine effluent that must be disposed of without adverse effect to the environment, particularly in inland areas. This process, developed under grants sponsored by the Office of Saline Water is the most promising new concept for the conversion of water for beneficial purposes.

OFFICE OF WATER RESOURCES RESEARCH

The 1972 appropriation request of $14.4 million will increase, by $1.2 million, the funds available in 1971 for the program administered by the Office of Water Resources Research.

With this increase additional outstanding research talent of private firms, universities, and individuals will be made available to the Department to seek solutions for a large number of urgent water resources problems existing in the several States and throughout the Nation. The program also is making a significant contribution to achieving increased research coordination and pay-off through operation of improved systems for the dissemination of water resources research and development information to those persons and organizations that can and will apply new knowledge to solve their water problems.

Secretary MORTON. First we will deal with the Bureau of Land Management. The total request is $102 million, an increase of $14.3 million over 1971. Major increases include $2 million principally for fire protection, recreation, protection of land, and plans for northern Alaska; $9 million for firefighting; $1 million for construction and maintenance; and $1 million for Oregon and California grant lands.

BUREAU OF INDIAN AFFAIRS

The total request is $424.5 million, which is an increase of $48.9 million over 1971. This includes increases of $12 million for education in non-Federal facilities, including scholarship grants, and $7.7 million for education in Federal facilities; $3.8 million for welfare services; $1.3 million for law and order; $6.4 million for management of Indian resources; and $16.6 million for construction of school facilities and irrigation systems. The total request includes $9 million for the Navajo project, an increase of $5 million.

Mrs. HANSEN. Thank heavens.

BUREAU OF OUTDOOR RECREATION

Secretary MORTON. The total request is $383.8 million, an increase of $22.3 million over 1971. The total estimate includes $280 million for State programs, an increase of $94.7 million. The Federal programs total $95.2 million, a decrease of $72.6 million.

OFFICE OF TERRITORIES

For administration of territories, including Guam and Samoa, the total request is $21.4 million, an increase of $4 million. For the trust territory, the total request is $59.7 million, a $10 million increase over 1971. This includes increases of $4.8 million for capital improvements and $5.2 million for health, education, and other economic, social, and political development.

GEOLOGICAL SURVEY

The total request is $121.2 million, an increase of $9.8 million over 1971. The increases are primarily $2.5 million for topographic work, $2 million for water resources investigations, and $3.3 million for the EROS program.

BUREAU OF MINES

The total request is $119 million, a net decrease of $37.8 million. It is made up primarily of a reduction of $50 million in the helium program, and an increase of $13.8 million for mine health and safety programs.

No funds are included for the helium program in view of termination of contracts for the purchase of helium.

OFFICE OF COAL RESEARCH

The total request is $21 million, an increase of $3.8 million over 1971 for advancement of two projects to pilot-plant stage.

BUREAU OF SPORT FISHERIES AND WILDLIFE

The total request is $78.7 million, an increase of $3.1 million over 1971. This increase is spread through the entire program of the Bureau.

NATIONAL PARK SERVICE

The total request is $191.6 million, an increase of $30.8 million over 1971. The increase includes $4.1 million for management of park areas and $5.4 million for maintenance of park areas. Increases are due to new park areas and the need for bringing operation of park areas up to acceptable standards. I hope we can do this in this framework because this is absolutely necessary.

Included in the total request is $37.9 million for construction, an increase of $19.2 million over 1971, mainly in the air and water pollution abatement facilities.

OFFICE OF SALINE WATER

The total request is $27 million, a net decrease of $1.5 million, which is due to a nonrecurring item of $4.3 million for a VTE–MSF module, funds for which were obtained in 1971.

OFFICE OF WATER RESOURCES RESEARCH

The total request is $14.4 million, an increase of $1.2 million over 1971. The increase primarily is for added research on metropolitan water problems.

This, Madam Chairman, is a very quick comparative rundown of the total budget for the Department. I know you will want to get into some of these areas in great detail, so I am prepared to answer any questions you may have.

Mrs. HANSEN. Thank you, Mr. Secretary, for your very forthright statement.

FUNDING AND PERSONNEL TABLES

At this point in the record, we shall insert miscellaneous tables on the Department of Interior's funding and personnel.

(The information follows.)

DEPARTMENT OF THE INTERIOR

Comparison of Fiscal Year 1971 New Budget (Obligational) Authority with Fiscal Year 1972 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1971 Appropriation	Pay Cost Supplemental	Transfers 1/	Amount Available	Fiscal Year 1972 Estimate	Increase or Decrease (-) 1972 Compared with 1971
PUBLIC LAND MANAGEMENT						
Bureau of Land Management						
Management of Lands and Resources:						
Realty and mineral leasing services	$ 7,564,000	$ 341,000	$ -554,000 2/	$ 7,351,000	$ 7,290,000	$ -61,000
Resource management, conservation & protection	42,529,000	1,840,000	-136,000 3/	44,233,000	46,318,000	+2,085,000
Cadastral surveys	5,703,000	284,000	--	5,987,000	6,861,000	+874,000
Firefighting and rehabilitation	1,000,000	--	--	1,000,000	10,000,000	+9,000,000
General administration	2,309,000	192,000	--	2,501,000	2,501,000	--
Total, Management of Lands and Resources	59,105,000	2,657,000	-690,000	61,072,000	72,970,000	+11,898,000
Construction and Maintenance:						
Construction	1,035,000	--	--	1,035,000	1,634,000	+599,000
Maintenance	2,275,000	--	--	2,275,000	2,726,000	+451,000
Total, Construction and Maintenance	3,310,000	--	--	3,310,000	4,360,000	+1,050,000
Public Lands Development Roads and Trails: (Appropriation to liquidate contract authority)	(3,500,000)	--	--	(3,500,000)	(3,200,000)	(-300,000)
Oregon and California Grant Lands (Indefinite, Appropriation of Receipts)						
Construction and acquisition	10,205,000	--	--	10,205,000	10,620,000	+415,000
Forest development, protection, & management	5,329,000	--	--	5,329,000	5,597,000	+268,000
Operation and maintenance	2,466,000	--	--	2,466,000	2,783,000	+317,000
Total, Oregon and California Grant Lands	18,000,000	--	--	18,000,000	19,000,000	+1,000,000
Range Improvements (Indefinite, Appropriation of Receipts)						
Improvements to public lands	1,735,200	--	--	1,735,200	2,433,000	+697,800
Farm Tenant Act lands	59,800	--	--	59,800	81,000	21,200
Total, Range Improvements	1,795,000	--	--	1,795,000	2,514,000	+719,000
Total, Bureau of Land Management	82,210,000	2,657,000	-690,000	84,177,000	98,844,000	+14,667,000
Bureau of Indian Affairs						
Education and Welfare Service:						
Educational assistance, facilities, & services	137,187,000	6,087,000	--	143,274,000	162,340,000	+19,066,000
Welfare and guidance services	52,142,000	356,000	--	52,498,000	56,324,000	+3,826,000
Employment assistance	38,717,000	491,000	--	39,208,000	39,208,000	--
Maintaining law and order	5,659,000	181,000	--	5,840,000	7,115,000	+1,275,000
Total, Education and Welfare Service	233,705,000	7,115,000	--	240,820,000	264,987,000	+24,167,000

Education and Welfare Services (Appropriation to Liquidate Contract Authority)	(835,000)	--	--	(835,000)	(1,500,000)	(+665,000)
Resources Management:						
Forest and range lands	6,938,000	345,000	--	7,283,000	7,283,000	--
Fire suppression and emergency rehabilitation	140,000	--	--	140,000	1,340,000	+1,200,000
Agricultural and industrial assistance	12,163,000	510,000	--	12,673,000	13,306,000	+633,000
Soil and moisture conservation	6,225,000	351,000	--	6,576,000	6,576,000	--
Maintenance of roads	5,129,000	546,000	--	5,675,000	6,166,000	+491,000
Development of Indian arts and crafts	614,000	24,000	--	638,000	638,000	--
Management of Indian trust property	8,770,000	424,000	--	9,194,000	9,394,000	+200,000
Repair and maintenance of buildings & utilities	19,889,000	1,295,000	--	21,184,000	23,538,000	+2,354,000
Operation, repair, and maintenance of Indian irrigation systems	1,404,000	14,000	--	1,418,000	1,418,000	--
Indian business development fund	3,400,000	--	--	3,400,000	4,900,000	+1,500,000
Total, Resources Management	64,672,000	3,509,000	--	68,181,000	74,559,000	+6,378,000
Construction:						
Buildings and utilities	12,410,000	--	-74,599	12,335,401	23,910,000	+11,574,599
Irrigation systems	7,475,000	--	--	7,475,000	12,475,000	5,000,000
Total, Construction	19,885,000	--	-74,599	19,810,401	36,385,000	+16,574,599
Road Construction (Appropriation to Liquidate Contract Authority)	(20,200,000)	--	--	(20,200,000)	(25,000,000)	(+4,800,000)
General Administrative Expenses:						
Departmental offices	5,600,000	376,000	--	5,976,000	5,913,000	-63,000
Payment to the Ute Tribe of the Uintah and Ouray Reservation	3,561,700	--	--	3,561,700	--	-3,561,700
Tribal Funds:						
Definite:						
Education and welfare services	69,750	--	--	69,750	69,750	--
Resources management	710,300	--	--	710,300	710,300	--
Construction and land acquisition	319,250	--	--	319,250	319,250	--
General tribal affairs	1,900,700	--	--	1,900,700	1,900,700	--
Total, Definite	3,000,000	--	--	3,000,000	3,000,000	--
Indefinite:						
Advances to Indian tribes	13,204,000	--	--	13,204,000	13,173,000	-31,000
Total, Bureau of Indian Affairs	343,627,700	11,000,000	-74,599	354,553,101	398,017,000	+43,463,899

Comparison of Fiscal Year 1971 New Budget (Obligational) Authority with Fiscal Year 1972 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1971 Appropriation	Pay Cost Supplemental	Transfers 1/	Amount Available	Fiscal Year 1972 Estimate	Increase or Decrease (-) 1972 Compared with 1971
Bureau of Outdoor Recreation						
Salaries and Expenses:						
Planning and research	$ 2,355,000	$ 105,000	$ --	$ 2,460,000	$ 2,083,000	$ -377,000
Federal coordination	839,000	41,000	--	880,000	880,000	--
Technical assistance	701,000	34,000	--	735,000	835,000	+100,000
Total, Salaries and Expenses	3,895,000	180,000	--	4,075,000	3,798,000	-277,000
Land and Water Conservation:						
Assistance to States	185,296,680	--	--	185,296,680	262,500,000	+77,203,320
Federal programs	137,764,320	--	--	137,764,320	95,200,000	-42,564,320
Administrative expenses	4,339,000	--	--	4,339,000	4,800,000	+461,000
Total, Appropriation of Receipts (Indefinite)	327,400,000	--	--	327,400,000	362,500,000	+35,100,000
General Fund (Assistance to States)	--	--	--	--	17,500,000	+17,500,000
Appropriation out of Fund to Liquidate Contract Authority	(30,000,000)	--	--	(30,000,000)	--	(-30,000,000)
Total, Bureau of Outdoor Recreation	331,295,000	180,000	--	331,475,000	383,798,000	+52,323,000

Office of Territories						
Administration of Territories:						
Virgin Islands:						
Governor's office	40,000	4,000	--	44,000	--	-44,000
Guam:						
Governor's office	52,000	3,000	--	55,000	--	-55,000
Loans	4,455,500	--	--	4,455,500	5,481,500	+1,026,000
Grants	4,093,500	--	--	4,093,500	4,129,500	+36,000
American Samoa:						
Governor's office	210,963	10,000	--	220,963	239,500	+18,537
Chief Justice and High Court	164,400	8,200	--	172,600	235,000	+62,400
Grants	7,824,637	12,800	--	7,837,437	10,723,500	+2,886,063
General Administration	509,000	--	--	509,000	576,000	+67,000
Total, Administration of Territories	17,350,000	38,000	--	17,388,000	21,385,000	+3,997,000
Trust Territory of the Pacific Islands:						
High Commissioner's office	271,000	--	--	271,000	278,000	+7,000
Judiciary	290,000	--	--	290,000	313,000	+23,000
Grants	49,189,000	--	--	49,189,000	59,148,000	+9,959,000
Total, Trust Territory of the Pacific Islands	49,750,000	--	--	49,750,000	59,739,000	+9,989,000
Total, Office of Territories	67,100,000	38,000	--	67,138,000	81,124,000	+13,986,000
TOTAL, PUBLIC LAND MANAGEMENT	824,232,700	13,875,000	-764,599	837,343,101	961,783,000	+124,439,899

58-160 O - 71 - pt. 1 - 3

Comparison of Fiscal Year 1971 New Budget (Obligational) Authority with Fiscal Year 1972 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1971 Appropriation	Pay Cost Supplemental	Transfers 1/	Amount Available	Fiscal Year 1972 Estimate	Increase or Decrease (-) 1972 Compared with 1971
MINERAL RESOURCES						
Geological Survey						
Surveys, Investigations, and Research:						
Special resource and environmental projects	$ 750,000	$ --	$ --	$ 750,000	$ 1,750,000	$ +1,000,000
Alaska Pipeline related investigations	1,300,000	20,000	--	1,320,000	1,320,000	--
Topographic surveys and mapping	28,788,000	1,602,000	--	30,390,000	32,869,000	+2,479,000
Geologic and mineral resource surveys and mapping	29,200,000	1,371,000	--	30,571,000	31,161,000	+590,000
Minerals discovery loan program	253,000	10,000	--	263,000	263,000	--
Water resources investigations	32,542,000	1,384,000	--	33,926,000	35,875,000	+1,949,000
Conservation of lands and minerals	9,055,000	403,000	--	9,458,000	10,029,000	+571,000
Earth resources observation satellite	1,900,000	11,000	--	1,911,000	5,179,000	+3,268,000
General administration	2,604,000	157,000	--	2,761,000	2,761,000	--
Total, Surveys, Investigations, and Research .	106,392,000	4,958,000	--	111,350,000	121,207,000	+9,857,000
Bureau of Mines						
Conservation and Development of Mineral Resources:						
Research:						
Coal	8,468,000	337,000	--	8,805,000	8,770,000	-35,000
Petroleum	2,595,000	115,000	--	2,710,000	3,000,000	+290,000
Oil shale	2,413,000	95,000	--	2,508,000	2,500,000	-8,000
Metallurgy	12,385,000	574,000	--	12,959,000	13,550,000	+591,000
Mining	7,691,000	249,000	-- 4/	7,940,000	4,900,000	-3,040,000
Marine mineral mining	925,000	--	-635,000	290,000	--	-290,000
Explosives	663,000	30,000	--	693,000	693,000	--
Resource Development:						
Statistics	2,091,000	116,000	--	2,207,000	2,207,000	--
Economic analysis	520,000	26,000	--	546,000	546,000	--
Bituminous coal	934,000	41,000	--	975,000	975,000	--
Anthracite	1,746,000	42,000	--	1,788,000	1,788,000	--
Petroleum	839,000	41,000	--	880,000	880,000	--
Minerals	4,494,000	211,000	--	4,705,000	5,593,000	+888,000
International activities	658,000	34,000	--	692,000	692,000	--
Total, Conservation and Development of Mineral Resources	46,422,000	1,911,000	-635,000	47,698,000	46,094,000	-1,604,000

Health and Safety:						
Inspections, investigations, and rescue work ...	34,957,000	1,359,000	-27,000	36,289,000	38,219,000	+1,930,000
Control of fires in coal deposits	218,000	4,000	--	222,000	222,000	--
Health and safety research	20,620,000	177,000	-3,000	20,794,000	32,634,000	+11,840,000
Total, Health and Safety	55,795,000	1,540,000	-30,000	57,305,000	71,075,000	+13,770,000
General Administrative Expenses	1,799,000	98,000	-16,000 3/	1,881,000	1,876,000	-5,000
Helium Fund (Authorization to spend from public debt receipts	20,700,000	--	--	20,700,000	--	-20,700,000
Helium Fund (Portion applied to liquidate contract authority)	(29,300,000	--	--	(29,300,000)	--	(-29,300,000)
Total, Bureau of Mines	124,716,000	3,549,000	-681,000	127,584,000	119,045,000	-8,539,000
Office of Coal Research						
Salaries and Expenses:						
Administration and contract supervision	495,000	+20,000	--	515,000	545,000	+30,000
Contract research	16,665,000	-20,000	--	16,645,000	20,455,000	+3,810,000
Total, Office of Coal Research	17,160,000	--	--	17,160,000	21,000,000	+3,840,000
Office of Oil and Gas						
Salaries and Expenses:						
Coordination of oil and gas activities	718,000	35,000	--	753,000	853,000	+100,000
Administration of the oil import program	438,800	20,200	--	459,000	576,000	+117,000
Oil Import Appeals Board	24,200	1,800	--	26,000	66,000	+40,000
Total, Office of Oil and Gas	1,181,000	57,000	--	1,238,000	1,495,000	+257,000
TOTAL, MINERAL RESOURCES	249,449,000	8,564,000	-681,000	257,332,000	262,747,000	+5,415,000

Comparison of Fiscal Year 1971 New Budget (Obligational) Authority with Fiscal Year 1972 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1971 Appropriation	Pay Cost Supplemental	Transfers [1]	Amount Available	Fiscal Year 1972 Estimate	Increase or Decrease (-) 1972 Compared with 1971
FISH AND WILDLIFE AND PARKS						
Bureau of Sport Fisheries and Wildlife						
Management and Investigations of Resources:						
Fish hatcheries	$ 10,958,000	$ 80,000	$ --	$ 11,038,000	$ 11,118,000	$ +80,000
Wildlife refuges	18,087,000	710,000	-50,493	18,746,507	19,320,000	+573,493
Soil and moisture conservation	741,000	26,000	--	767,000	767,000	--
Management and enforcement	4,470,000	294,000	--	4,764,000	5,169,000	+405,000
Fishery research	4,934,000	183,000	-11,250 [6]	5,105,750	5,299,000	+193,250
Wildlife research	8,962,000	336,000	--	9,298,000	9,898,000	+600,000
Fishery services	2,374,000	78,000	--	2,452,000	2,948,000	+496,000
Wildlife services	3,742,000	137,000	--	3,879,000	4,121,000	+242,000
River basin studies	2,019,000	71,000	--	2,090,000	3,789,000	+1,699,000
Pesticides review	553,000	15,000	-87,962 [7]	480,038	--	-480,038
Total, Management and Investigations of Resources	56,840,000	1,930,000	-149,705	58,620,295	62,429,000	+3,808,705
Construction:						
Sportfish facilities	2,866,000	--	--	2,866,000	2,175,000	-691,000
Wildlife facilities	2,278,000	--	--	2,278,000	2,265,000	-13,000
Total, Construction	5,144,000	--	--	5,144,000	4,440,000	-704,000
General Administrative Expenses:						
Departmental expense	250,000	10,000	--	260,000	260,000	--
Regional Office expenses	1,625,000	150,000	--	1,775,000	1,775,000	--
Total, General Administrative Expenses	1,875,000	160,000	--	2,035,000	2,035,000	--
Anadromous and Great Lakes Fisheries Conservation:						
Payments to cooperators	2,105,000	--	--	2,105,000	2,105,000	--
Administration	206,000	10,000	--	216,000	216,000	--
Total, Anadromous and Great Lakes Fisheries Conservation	2,311,000	10,000	--	2,321,000	2,321,000	--
Migratory Bird Conservation Account:						
Acquisition of refuges and other areas	7,500,000	--	--	7,500,000	7,500,000	--
Total, Bureau of Sport Fisheries & Wildlife	73,670,000	2,100,000	-149,705	75,620,295	78,725,000	+3,104,705

National Park Service						
Management and Protection:						
Management of park and other areas	52,316,600	3,144,700	-98,200	55,363,100	59,330,800	+3,967,700
Forestry and fire control	2,347,300	86,900	--	2,434,200	3,314,200	+880,000
Park and recreation programs	5,481,100	193,400	--	5,674,500	4,959,000	-715,500
Total, Management and Protection	60,145,000	3,425,000	-98,200	63,471,800	67,604,000	+4,132,200
Maintenance and Rehabilitation of Physical Facilities:						
Roads and trails	16,357,700	570,700	--	16,928,400	18,062,000	+1,133,600
Buildings, utilities, and other facilities .	32,185,300	1,282,800	--	33,468,100	37,748,000	+4,279,900
Total, Maintenance and Rehabilitation of Physical Facilities	48,543,000	1,853,500	--	50,396,500	55,810,000	+5,413,500
General Administrative Expenses:						
Departmental expense	1,932,200	107,000	--	2,039,200	2,039,200	--
Regional office expense	1,647,800	89,000	--	1,736,800	1,736,800	--
Total, General Administrative Expenses ...	3,580,000	196,000	--	3,776,000	3,776,000	--
Preservation of Historic Properties:						
Historic preservation and special studies ..	6,801,000	51,000	--	6,852,000	8,096,000	+1,244,000
Construction:						
Buildings, utilities, and other facilities .	18,179,000	--	--	18,179,000	37,359,000	+19,180,000
Acquisition of water rights	500,000	--	--	500,000	500,000	--
Total, Construction	18,679,000	--	--	18,679,000	37,859,000	+19,180,000
Parkway and Road Construction (Liquidation of Contract Authority):						
Parkways and roads and trails	(17,650,000)	--	--	(17,650,000)	(18,500,000)	(+850,000)
Total, National Park Service	137,748,000	5,525,500	-98,200	143,175,300	173,145,000	+29,969,700
TOTAL, FISH AND WILDLIFE AND PARKS	211,418,000	7,625,500	-247,905	218,795,595	251,870,000	+33,074,405

Comparison of Fiscal Year 1971 New Budget (Obligational) Authority with Fiscal Year 1972 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1971 Appropriation	Pay Cost Supplemental	Transfers [1]	Amount Available	Fiscal Year 1972 Estimate	Increase or Decrease (-) 1972 Compared with 1971
Office of Saline Water						
Saline Water Conversion:						
Research and development	$ 15,075,000	$ --	$ --	$ 15,075,000	$ 15,675,000	$ +600,000
Construction, operation and maintenance:						
Test bed and facilities	5,400,000	--	--	5,400,000	7,385,000	+1,985,000
Modules	5,595,000	--	--	5,595,000	1,425,000	-4,170,000
Administration and coordination	2,503,000	--	--	2,503,000	2,540,000	+37,000
Total, Office of Saline Water	28,573,000	--	--	28,573,000	27,025,000	-1,548,000
Office of Water Resources Research						
Salaries and Expenses:						
Assistance to States for institutes	5,100,000	--	--	5,100,000	5,100,000	--
Matching grants to institutes	3,000,000	--	--	3,000,000	3,000,000	--
Additional water research	3,500,000	--	--	3,500,000	4,500,000	+1,000,000
Scientific information center	816,000	--	--	816,000	912,000	+96,000
Administration	765,000	40,000	--	805,000	923,000	+118,000
Total, Office of Water Resources Research	13,181,000	40,000	--	13,221,000	14,435,000	+1,214,000
SECRETARIAL OFFICES						
Office of the Solicitor						
Salaries and Expenses:						
Legal services	7,074,000	375,000	-889,744 [8]	6,559,256	6,528,000	-31,256
Office of the Secretary						
Salaries and Expenses:						
Departmental direction	2,343,600	115,300	+62,016 [9]	2,520,916	3,025,000	+504,084
Program direction and coordination	1,823,700	89,000	-236,000 [10]	1,676,700	1,709,000	+32,300
Administrative management	4,874,400	257,900	-184,441 [11]	4,947,859	5,049,200	+101,341
Commissioner of Fish and Wildlife	181,500	6,000	-187,500 [12]	--	--	--
Natural Resources Library	959,400	42,000	-79,500 [13]	921,900	912,100	-9,800
Office of Hearings and Appeals	1,146,200	109,800	+1,246,000 [14]	2,502,000	2,843,500	+341,500
General Services	234,200	--	--	234,200	264,200	+30,000
Total, Salaries and Expenses	11,563,000	620,000	620,575	12,803,575	13,803,000	+999,425
Salaries and Expenses (Special Foreign Currency Program)						
Research	--	--	--	--	500,000	+500,000
TOTAL, SECRETARIAL OFFICES	18,637,000	995,000	-269,169	19,362,831	20,831,000	+1,468,169

TOTAL, NEW BUDGET (OBLIGATIONAL) AUTHORITY, DEPARTMENT OF THE INTERIOR	1,345,490,700	31,099,500	-1,962,673	1,374,627,527	1,538,691,000	+164,063,473
Consisting of:						
Appropriations	1,324,790,700	31,099,500	-1,962,673	1,353,927,527	1,538,691,000	+184,763,473
Definite Appropriations	(964,391,700)	(31,099,500)	(-1,962,673)	(993,528,527)	(1,141,504,000)	(+147,975,473)
Indefinite Appropriations	(360,399,000)	--	--	(360,399,000)	(397,187,000	(+36,788,000)
Authorizations to Spend From Public Debt Receipts	20,700,000	--	--	20,700,000	--	-20,700,000
Memoranda						
Appropriations to Liquidate Contract Authority	(101,485,000)	--	--	(101,485,000)	(48,200,000)	(-53,285,000)
TOTAL, NEW BUDGET (OBLIGATIONAL) AUTHORITY AND APPROPRIATIONS TO LIQUIDATE CONTRACT AUTHORITY	1,446,975,700	31,099,500	-1,962,673	1,476,112,527	1,586,891,000	+110,778,473

1/ Represents transfers to General Services Administration for space costs unless otherwise footnoted.

2/ Represents transfer to "Salaries and Expenses, Office of the Secretary" for Office of Hearings and Appeals.

3/ Includes $87,000 transfers to General Services Administration for rental costs and $49,000 to "Salaries and Expenses," Office of the Secretary for Office of Hearings and Appeals.

4/ Transfer of Marine Mining program to National Oceanic and Atmospheric Administration, Department of Commerce.

5/ Transferred to National Oceanic and Atmospheric Administration, Department of Commerce.

6/ Includes transfer of $873,750 from "Management and investigations of resources," Bureau of Commercial Fisheries and transfer of $885,000 to "Research, development and facilities, National Oceanic and Atmospheric Administration, Department of Commerce.

7/ Transfer to "Operation, research and facilities," Environmental Protection Agency.

8/ Includes $643,000 transferred to "Salaries and Expenses," Office of the Secretary, for the Office of Hearings and Appeals; $19,225 to "Salaries and Expenses," General Administration, Department of Commerce; and $227,519 to "Operations, research and facilities, Environmental Protection Agency.

9/ thru 14/ on separate sheet)

ANALYSIS OF TRANSFERS

9/ DEPARTMENTAL DIRECTION		
Office of the Secretary:		
Administrative adjustment from Assistant Secretary - Water Quality and Research	$ +77,000	
Transfer to the Environmental Protection Agency	-5,591	$ +71,409
Transfer to General Services Administration for rent		-7,976
Office of the Under Secretary:		
Transfer to the Environmental Protection Agency		-3,216
Office of International Activities:		
Administrative adjustment from Office of Program Analysis	+38,000	
Administrative adjustment from Natural Resources Library	+22,000	+60,000
Office of Policy Planning and Research:		
Transfer to the Environmental Protection Agency		-9,191
Office of Program Analysis:		
Transfer to the National Oceanic and Atmospheric Administration, Department of Commerce	-4,900	
Administrative adjustment to International Activities	-38,000	-42,900
Office of Information:		
Transfer to the National Oceanic and Atmospheric Administration, Department of Commerce	-3,600	
Transfer to the Environmental Protection Agency	-2,510	-6,110
Total		+62,016
10/ PROGRAM DIRECTION AND COORDINATION		
Assistant Secretary - Water and Power Resources:		
Administrative adjustment from Assistant Secretary - Water Quality and Research		+32,000
Assistant Secretary - Fish and Wildlife and Parks:		
Transfer to the National Oceanic and Atmospheric Administration, Department of Commerce	-26,250	
Administrative adjustment from Office of the Commissioner of Fish and Wildlife	+98,650	+72,400
Assistant Secretary - Water Quality and Research:		
Transfer to the Environmental Protection Agency	-159,925	
Administrative adjustment to Assistant Secretary - Water and Power Resources	-32,000	
Administrative adjustment to Immediate Office of the Secretary	-77,000	-268,925
Office of Marine Affairs:		
Transfer to the National Oceanic and Atmospheric Administration, Department of Commerce		-71,475
Total		-236,000

11/ ADMINISTRATIVE MANAGEMENT

Office of Survey and Review:		
Transfer to the National Oceanic and Atmospheric Administration, Department of Commerce	-71,700	
Transfer to the Environmental Protection Agency	-93,300	-165,000
Office of Budget:		
Transfer to the National Oceanic and Atmospheric Administration, Department of Commerce	-5,300	
Transfer to the Environmental Protection Agency	-4,441	-9,741
Office of Management Research:		
Transfer to the National Oceanic and Atmospheric Administration, Department of Commerce		-2,800
Office of Personnel Management:		
Transfer to the National Oceanic and Atmospheric Administration, Department of Commerce		-6,900
Total		-184,441

12/ COMMISSIONER OF FISH AND WILDLIFE

Transfer to the National Oceanic and Atmospheric Administration, Department of Commerce	-88,850	
Administrative adjustment to Assistant Secretary - Fish and Wildlife and Parks	-98,650	
Total		-187,500

13/ NATURAL RESOURCES LIBRARY

Transfer to the National Oceanic and Atmospheric Administration, Department of Commerce	-37,500	
Transfer to the Environmental Protection Agency	-20,000	
Administrative adjustment to the Office of International Activities	-22,000	
Total		-79,500

14/ OFFICE OF HEARINGS AND APPEALS

Transfer from Office of the Solicitor	+643,000	
Transfer from Bureau of Land Management	+603,000	
Total		+1,246,000

DEPARTMENT OF THE INTERIOR

Comparison of Fiscal Year 1971 New Budget (Obligational) Authority with Fiscal Year 1972 Estimates

Reconciliation of Committee Print to Printed Budget

Bureau or Office and Appropriation Title	Fiscal Year 1971 Appropriation	Pay Cost Supplemental	Transfers 1/	Amount Available	Fiscal Year 1972 Estimate	Increase or Decrease (-) 1972 Compared with 1971
Total, new budget (obligational) authority, Department of the Interior	$1,345,490,700	$31,099,500	$-1,962,673	$1,374,627,527	$1,538,691,000	$+164,063,473
PERMANENT APPROPRIATIONS						
Payments to States and local governments						
Bureau of Land Management	86,057,000	--	--	86,057,000	92,837,000	+6,780,000
Bureau of Indian Affairs	171,000	--	--	171,000	171,000	--
Office of Territories	16,580,044	--	--	16,580,044	18,050,000	+1,469,956
Bureau of Sport Fisheries and Wildlife	2,730,762	--	--	2,730,762	2,683,000	-47,762
National Park Service	125,700	--	--	125,700	200,000	+74,300
Subtotal	105,664,506	--	--	105,664,506	113,941,000	+8,276,494
Receipts applied to operations						
Bureau of Land Management	1,203,000	--	--	1,203,000	1,204,000	+1,000
Bureau of Indian Affairs	7,410,000	--	--	7,410,000	7,410,000	--
Bureau of Sport Fisheries and Wildlife	7,769,238	--	--	7,769,238	7,817,000	+47,762
Subtotal	16,382,238	--	--	16,382,238	16,431,000	+48,762
Mixed receipts						
Bureau of Sport Fisheries and Wildlife	46,729,816	--	--	46,729,816	58,700,000	+11,970,184
Total, Permanent Appropriations	168,776,560	--	--	168,776,560	189,072,000	+20,295,440
CONTRACT AUTHORITY						
Bureau of Land Management	5,000,000	--	--	5,000,000	10,000,000	+5,000,000
Bureau of Indian Affairs	31,500,000	--	--	31,500,000	31,500,000	--
Bureau of Outdoor Recreation	30,000,000	--	--	30,000,000	30,000,000	--
National Park Service	20,000,000	--	--	20,000,000	50,000,000	+30,000,000
Total, Contract Authority	86,500,000	--	--	86,500,000	121,500,000	+35,000,000
TRUST FUNDS						
Bureau of Land Management	665,000	--	--	665,000	665,000	--
Bureau of Indian Affairs	121,517,000	--	--	121,517,000	58,471,000	-63,046,000
Bureau of Mines	1,300,000	--	--	1,300,000	1,300,000	--
Bureau of Sport Fisheries and Wildlife	999,700	--	--	999,700	1,262,950	+263,250
National Park Service	2,111,000	--	--	2,111,000	1,500,000	-611,000
Office of Saline Water	1,212,222	--	--	1,212,222	--	-1,212,222
Office of Saline Water (Appropriation to liquidate contract authority)	(2,737,000)	--	--	(2,737,000)	(500,000)	(-2,237,000)
Total, Trust Funds	127,804,922	--	--	127,804,922	63,198,950	-64,605,972

PROPOSED FOR SEPARATE TRANSMITTAL

Existing legislation:						
Bureau of Land Management						
Management of lands and resources	23,000,000	--	--	23,000,000	--	-23,000,000
Bureau of Indian Affairs						
Resources management	1,600,000	--	--	1,600,000	--	-1,600,000
Office of Territories						
Trust Territory of the Pacific Islands	10,000,000	--	--	10,000,000	--	-10,000,000
Bureau of Mines						
Helium fund	48,500,000	--	--	48,500,000	--	-48,500,000
National Park Service						
Management and protection	1,000,000	--	--	1,000,000	--	-1,000,000
Total, proposed for separate transmittal under existing legislation	84,100,000	--	--	84,100,000	--	-84,100,000
Proposed legislation:						
Bureau of Land Management						
Management of lands and resources	--	--	--	--	2,500,000	+2,500,000
Bureau of Indian Affairs						
Construction	--	--	--	--	4,000,000	+4,000,000
Claims and treaty obligations (Permanent indefinite)	--	--	--	--	25,000,000	+25,000,000
Revolving fund for loans	--	--	--	--	5,000,000	+5,000,000
Office of Territories						
Trust Territory of the Pacific Islands	--	--	--	--	6,000,000	+6,000,000
Total, Proposed for proposed legislation .	--	--	--	--	42,500,000	+42,500,000
TOTAL, NEW BUDGET (OBLIGATIONAL) AUTHORITY	1,812,672,182	31,099,500	-1,962,673	1,841,809,009	1,954,961,950	+113,152,941
Adjustment:						
Adjustment to base due to Sport Fisheries transfer to National Oceanic and Atmospheric Administration, Department of Commerce, and EPA	99,212	--	--	99,212	--	-99,212
GRAND TOTAL, NEW BUDGET (OBLIGATIONAL) AUTHORITY, DEPARTMENT OF THE INTERIOR ..	1,812,771,394	31,099,500	-1,962,673	1,841,908,221	1,954,961,950	+113,053,729

Statement of Appropriations, Fiscal Years 1962-1972

	Actual				
	1962	1963	1964	1965	1966
Bureau of Land Management					
Appropriations - Direct	$ 35,625,000	$ 45,410,200	$ 47,712,500	$ 53,922,000	$ 55,725,000
Permanent .	54,692,739	64,726,533	63,695,860	70,566,180	69,030,313
Indefinite.	8,575,686	8,399,550	10,895,430	20,344,245	17,260,233
Total	98,893,425	118,536,283	122,303,790	144,832,425	142,015,546
Bureau of Indian Affairs					
Appropriations - Direct	165,324,000	203,835,600	208,123,550	228,942,417	207,862,400
Permanent .	5,336,947	6,172,377	6,889,857	7,080,657	7,002,798
Total	170,660,947	210,007,977	215,013,407	236,023,074	214,865,198
Bureau of Outdoor Recreation					
Appropriations - Direct	--	1,201,696[1/]	1,900,000	18,780,000	125,580,669
Office of Territories					
Appropriations - Direct	16,638,000	27,686,506	28,000,000	43,795,000	34,525,600
Permanent .	6,842,478	7,682,529	7,042,107	8,313,413	10,405,984
Total	23,480,478	35,369,029	35,042,107	52,108,413	44,931,584
The Alaska Railroad					
Appropriations - Direct	--	--	20,000,000	1,300,000	4,100,000
Geological Survey					
Appropriations - Direct	49,820,000	57,943,000	63,700,000	70,384,000	73,190,870
Permanent .	700	1,055	1,270	771	764
Total	49,820,700	57,944,055	63,701,270	70,384,771	73,191,634
Bureau of Mines					
Appropriations - Direct	44,125,000	43,767,100	45,528,000	72,204,000	80,941,000
Office of Coal Research					
Appropriations - Direct	1,000,000	3,450,000	5,075,000	6,826,000	7,220,000
Office of Minerals Exploration					
Appropriations - Direct	5,440,000[2/]	2,200,000	850,000	850,000	--
Office of Oil and Gas					
Appropriations - Direct	531,000	557,600	615,500	706,000	720,300

Statement of Appropriations, Fiscal Years 1962-1972

	1967	1968	1969	1970	1971	Estimate 1972
Bureau of Land Management						
Appropriations - Direct	62,113,000	$ 65,486,000	$ 69,545,000	$ 88,090,000	$ 65,915,000	$ 80,530,000
Permanent .	71,391,201	72,312,092	79,645,433	87,142,277	87,260,000	94,041,000
Indefinite.	12,969,324	12,822,882	20,177,644	16,662,499	19,795,000	21,514,000
Total	146,473,525	150,620,974	169,368,077	191,894,776	172,970,000	196,085,000
Bureau of Indian Affairs						
Appropriations - Direct	241,595,300	245,333,000	249,643,000	303,747,000	348,458,700	408,344,000
Permanent .	7,331,479	7,294,942	8,013,058	8,505,028	7,581,000	7,581,000
Total	248,926,779	252,627,942	257,656,058	312,252,028	356,039,700	415,925,000
Bureau of Outdoor Recreation						
Appropriations - Direct	98,996,591	123,476,000	168,815,000	135,148,000	361,295,000	383,798,000
Office of Territories						
Appropriations - Direct	29,707,000	45,813,000	44,697,000	63,319,916	67,100,000	81,124,000
Permanent .	11,073,732	12,367,772	12,867,871	14,643,128	16,580,044	18,050,000
Total	40,780,732	58,180,772	57,564,871	77,963,044	83,680,044	99,174,000
The Alaska Railroad						
Appropriations - Direct	--	--	--	--	--	--
Geological Survey						
Appropriations - Direct	81,609,000	86,919,000	90,917,000	102,887,000	106,392,000	121,207,000
Permanent .	726	628	665	1,529	--	--
Total	81,609,726	86,919,628	90,917,665	102,888,529	106,392,000	121,207,000
Bureau of Mines						
Appropriations - Direct	83,686,000	68,388,000	79,249,000	95,877,000	154,016,000	119,045,000
Office of Coal Research						
Appropriations - Direct	8,220,000	10,980,000	13,700,000	15,300,000	17,160,000	21,000,000
Office of Minerals Exploration						
Appropriations - Direct	--	--	--	--	--	--
Office of Oil and Gas						
Appropriations - Direct	747,800	763,000	755,900	1,085,000	1,181,000	1,495,000

Statement of Appropriations, Fiscal Years 1962-1972

	Actual				
	1962	1963	1964	1965	1966
Office of the Commissioner, Fish and Wildlife Service					
Appropriations - Direct	$ 364,000	$ 374,450	$ 386,000	$ 444,000	$ 452,500
Bureau of Commercial Fisheries					
Appropriations - Direct	21,643,000	26,028,250	24,635,900	30,649,900	37,343,329
Permanent .	5,293,952	5,774,194	5,962,396	6,261,585	6,610,569
Indefinite.	1,981,000	2,017,000	2,468,000	2,454,000	2,464,000
Total	28,917,952	33,819,444	33,066,296	39,365,485	46,417,898
Bureau of Sport Fisheries and Wildlife					
Appropriations - Direct	31,479,150	42,944,550	47,182,400	55,380,800	64,083,800
Permanent .	27,420,598	26,809,796	29,663,199	33,666,670	37,143,385
Total	58,899,748	69,754,346	76,845,599	89,047,470	101,227,185
National Park Service					
Appropriations - Direct	110,237,500	120,793,154	113,149,500	128,185,600	127,791,000
Permanent .	176,605	267,157	150,132	180,112	26,693
Total	110,414,105	121,060,311	113,299,632	128,365,712	127,817,693
Office of Saline Water					
Appropriations - Direct	9,805,000	9,600,000	11,850,000	16,150,000	23,151,000
Office of the Solicitor					
Appropriations - Direct	3,492,000	3,852,650	4,000,000	4,393,000	4,596,800
Office of the Secretary					
Appropriations - Direct	3,385,000	3,482,050	3,858,400	4,365,000	4,557,200
Office of Water Resources Research					
Appropriations - Direct	--	--	--	3,450,000	6,296,000
Virgin Islands Corporation					
Appropriations - Direct	881,000	880,000	--	--	--
Commission of Fine Arts					
Appropriations - Direct	70,000	--	--	--	--
TOTAL, DEPARTMENT OF THE INTERIOR (EXCLUSIVE OF RECLAMATION, POWER MARKETING AGENCIES AND FEDERAL WATER QUALITY ADMIN.					
Direct	499,859,650	595,006,200	626,566,750	740,735,717	838,237,448
Permanent .	99,764,019	111,433,641	113,404,821	126,069,388	130,220,306
Indefinite.	10,556,686	10,416,550	13,363,430	22,798,245	19,724,233
Total	610,180,355	716,856,391	753,335,001	889,603,350	988,181,987

Statement of Appropriations, Fiscal Years 1962-1972

	1967	1968	1969	1970	1971	Estimate 1972
Office of the Commissioner, Fish and Wildlife Service						
Appropriations - Direct	--	--	--	--	--	--
Bureau of Commercial Fisheries						
Appropriations - Direct	34,893,300	39,414,650	38,699,000	4/	4/	--
Permanent .	7,078,524	7,775,848	7,722,283	4/	4/	--
Indefinite.	2,495,700	2,496,000	2,653,400	4/	4/	--
Total	44,467,524	49,686,498	49,074,683	4/	4/	--
Bureau of Sport Fisheries and Wildlife						
Appropriations - Direct	59,325,927	60,890,400	60,630,000	67,742,768	73,670,000	78,725,000
Permanent .	41,230,109	47,671,537	50,387,340	55,468,594	57,229,816	69,200,000
Total	100,556,036	108,561,937	111,017,340	123,211,362	130,899,816	147,925,000
National Park Service						
Appropriations - Direct	123,177,000	128,235,800	104,860,000	129,422,000	155,398,000	191,645,000
Permanent .	106,898	116,095	114,892	143,421	125,700	200,000
Total	123,283,898	128,351,895	104,974,892	129,565,421	155,523,700	191,845,000
Office of Saline Water						
Appropriations - Direct	29,851,000	20,800,000	25,662,835	25,000,000	28,573,000	27,025,000
Office of the Solicitor						
Appropriations - Direct	4,821,000	5,244,000	5,683,000	5,984,000	7,076,000	6,528,000
Office of the Secretary						
Appropriations - Direct	5,165,900	7,114,500	8,755,000	10,816,700	11,563,000	14,303,000
Office of Water Resources Research						
Appropriations - Direct	6,910,000	11,130,000	11,181,000	11,281,000	13,181,000	14,435,000
Virgin Islands Corporation						
Appropriations - Direct	--	--	--	--	--	--
Commission of Fine Arts						
Appropriations - Direct	--	--	--	--	--	--
TOTAL, DEPARTMENT OF THE INTERIOR (EXCLUSIVE OF RECLAMATION, POWER MARKETING AGENCIES AND FEDERAL WATER QUALITY ADMIN.						
Direct	870,818,818	919,987,350	972,883,735	1,055,698,384	1,410,976,700	1,549,204,000
Permanent .	138,212,669	147,538,914	158,751,542	165,903,977	168,776,560	189,072,000
Indefinite.	15,465,024	15,318,882	22,831,044	16,662,499	19,795,000	21,514,000
Total	1,024,496,511	1,082,845,146	1,154,466,321	1,238,264,860	1,599,568,260	1,759,790,000

Statement of Appropriations, Fiscal Years 1962-1972

	Actual				
	1962	1963	1964	1965	1966
Bureau of Reclamation					
Appropriations - Direct	$274,408,100	$ 342,687,600	$ 353,778,200	$ 323,246,500	$ 324,980,000
Permanent .	3,788,182	3,745,241	4,837,353	4,188,453	3,369,223
Total	278,196,282	346,432,841	358,615,553	327,434,953	328,349,223
Bonneville Power Administration					
Appropriations - Direct	33,080,000	42,926,250	50,044,000	102,680,000	113,938,000
Permanent .	--	1,140,361	--	700,000	--
Total	33,080,000	44,066,611	50,044,000	103,380,000	113,938,000
Southeastern Power Administration					
Appropriations - Direct	800,000	800,000	1,000,000	1,000,000	1,000,000
Permanent .	--	--	--	--	--
Total	800,000	800,000	1,000,000	1,000,000	1,000,000
Southwestern Power Administration					
Appropriations - Direct	2,260,000	8,689,450	4,500,000	4,290,000	4,045,300
Indefinite..	5,000,000	5,000,000	4,500,000	4,500,000	4,000,000
Total	7,260,000	13,689,450	9,000,000	8,790,000	8,045,300
Alaska Power Administration					
Appropriations - Direct	--	--	--	--	--
Federal Water Quality Administration					
Appropriations - Direct	--	--	--	--	186,162,000 3/
Office of the Secretary					
Appropriations - Direct	--	--	--	--	--
TOTAL, RECLAMATION, POWER MARKETING AGENCIES AND FEDERAL WATER QUALITY ADMINISTRATION					
Appropriations - Direct	310,548,100	395,103,300	409,322,200	431,216,500	630,105,300
Permanent .	3,788,182	4,885,602	4,837,353	4,888,453	3,369,223
Indefinite.	5,000,000	5,000,000	4,500,000	4,500,000	4,000,000
Total	319,336,282	404,988,902	418,659,553	440,604,953	637,474,523
GRAND TOTAL, DEPARTMENT OF THE INTERIOR					
Appropriations - Direct	810,407,750	990,109,500	1,035,888,950	1,171,952,217	1,468,342,748
Permanent .	103,552,201	116,319,243	118,242,174	130,957,841	133,589,529
Indefinite	15,556,686	15,416,550	17,863,430	27,298,245	23,724,233
GRAND TOTAL	929,516,637	1,121,845,293	1,171,994,554	1,330,208,303	1,625,656,510
Delaware River Basin Commission					
Appropriations - Direct	20,000	113,610	155,000	136,000	140,000

1/ Includes $1,101,096 transferred from National Park Service pursuant to Reorganization Plan No. 3 of 1950.
2/ Includes $4,690,000 to initiate the Lead and Zinc Stabilization Program.
3/ Funds appropriated in Department of Health, Education and Welfare Appropriation Acts.
4/ Transferred in accordance with Reorganization Plan No. 4 of 1970.
5/ Transferred in accordance with Reorganization Plan No. 3 of 1970.

Statement of Appropriations, Fiscal Years 1962-1972

	1967	1968	1969	1970	1971	Estimate 1972
Bureau of Reclamation						
Appropriations - Direct	326,010,000	$ 314,047,000	$ 277,002,500	271,441,500	315,933,000	357,991,000
Permanent .	3,330,763	3,535,463	3,188,782	3,072,719	3,600,000	3,600,000
Total	329,340,763	317,582,463	280,191,282	274,514,219	319,533,000	361,591,000
Bonneville Power Administration						
Appropriations - Direct	126,010,000	129,000,000	123,500,000	119,733,000	115,200,000	121,250,000
Permanent .	--	--	--	123,893	--	--
Total	126,010,000	129,000,000	123,500,000	119,856,893	115,200,000	121,250,000
Southeastern Power Administration						
Appropriations - Direct	1,000,000	850,000	850,000	685,000	800,000	875,000
Permanent .	--	--	45,263	142,551	40,000	--
Total	1,000,000	850,000	895,263	827,551	840,000	875,000
Southwestern Power Administration						
Appropriations - Direct	6,065,000	7,255,000	6,366,000	5,648,587	6,050,000	7,291,000
Indefinite..	3,700,000	3,200,000	3,200,000	2,800,000	--	--
Total	9,765,000	10,455,000	9,566,000	8,448,587	6,050,000	7,291,000
Alaska Power Administration						
Appropriations - Direct	--	--	1,002,000	1,000,000	1,000,000	1,050,000
Federal Water Quality Administration						
Appropriations - Direct	236,718,618 1/	295,400,000	300,789,000	2/	2/	--
Office of the Secretary						
Appropriations - Direct	--	--	--	--	750,000	1,000,000
TOTAL, RECLAMATION, POWER MARKETING AGENCIES AND FEDERAL WATER QUALITY ADMINISTRATION						
Appropriations - Direct	693,803,618	746,552,000	709,509,500	398,508,087	439,733,000	489,457,000
Permanent .	3,330,763	3,535,463	3,234,045	3,339,163	3,640,000	3,600,000
Indefinite.	3,700,000	3,200,000	3,200,000	2,800,000	--	--
Total	700,834,381	753,287,463	715,943,545	404,647,250	443,373,000	493,057,000
GRAND TOTAL, DEPARTMENT OF THE INTERIOR						
Appropriations - Direct	1,564,622,436	1,666,539,350	1,682,393,235	1,454,206,471	1,850,709,700	2,038,661,000
Permanent .	141,543,432	151,074,377	161,985,587	169,243,140	172,416,560	192,672,000
Indefinite	19,165,024	18,518,882	26,031,044	18,462,499	19,795,000	21,514,000
GRAND TOTAL	1,725,330,892	1,836,132,609	1,870,409,866	1,642,912,110	2,042,921,260	2,252,847,000
Delaware River Basin Commission						
Appropriations - Direct	160,000	179,000	201,000	200,000	233,000	241,000

58-160 O 71 - pt. 1 --4

DEPARTMENT OF THE INTERIOR

Permanent Appropriations, Fiscal Years 1970, 1971, and 1972

Bureau or Office and Appropriation Title	1970 Actual	1971 Estimate	1972 Estimate
PUBLIC LAND MANAGEMENT			
Bureau of Land Management			
Leasing of grazing lands	$ 27	$ --	$ --
Payment to:			
Oklahoma (royalties)	717	--	1,000
Coos and Douglas Counties, Oregon from receipts Coos Bay Wagon Road grant lands	373,147	525,000	600,000
Counties, Oregon and Calif. grant lands	32,116,506	29,402,000	36,000,000
States (grazing fees)	1,819	1,000	2,000
States (proceeds of sales)	212,294	241,000	268,000
States from grazing receipts, etc., public lands outside grazing districts	333,335	366,000	416,000
States from grazing receipts, etc., public lands within grazing districts	393,285	384,000	549,000
States from grazing receipts, etc., public lands within grazing districts, misc.	3,216	3,000	5,000
States from receipts under Mineral Leasing Act	52,549,541	54,944,000	54,778,000
Counties, national grasslands	227,056	191,000	218,000
Expenses, Public Land Administration Act	931,334	1,202,000	1,202,000
Litter prevention and clean-up	--	1,000	2,000
Total, Bureau of Land Management	87,142,277	87,260,000	94,041,000
Bureau of Indian Affairs			
Claims and treaty obligations	225,422	161,000	161,000
Acquisition of lands and loans to Indians in Oklahoma Act of June 26, 1936	20,885	10,000	10,000
Indian arts and crafts fund	10	--	--
Operation and maintenance, Indian irrigation systems	4,849,419	4,130,000	4,130,000
Power systems, Indian irrigation projects	3,409,292	3,280,000	3,280,000
Total, Bureau of Indian Affairs	8,505,028	7,581,000	7,581,000
Office of Territories			
Internal Revenue collections for Virgin Islands	14,111,028	16,095,044	17,262,640
Administration of Territories	532,100	485,000	787,360
Total, Office of Territories	14,643,128	16,580,044	18,050,000
TOTAL, PUBLIC LAND MANAGEMENT	110,290,433	111,421,044	119,672,000

Permanent Appropriations, Fiscal Years 1970, 1971, and 1972

Bureau or Office and Appropriation Title	1970 Actual	1971 Estimate	1972 Estimate
MINERAL RESOURCES			
Geological Survey			
Payment from proceeds, sale of water	$ 1,529	$ --	$ --
FISH AND WILDLIFE AND PARKS			
Bureau of Sport Fisheries and Wildlife			
Migratory Bird Conservation account	6,107,280	6,000,000	6,000,000
Federal aid in fish restoration and management	11,903,719	13,924,091	16,500,000
Federal aid in wildlife restoration	33,081,322	32,805,725	42,200,000
National wildlife refuge fund	4,376,273	4,500,000	4,500,000
Total, Bureau of Sport Fisheries and Wildlife	55,468,594	57,229,816	69,200,000
National Park Service			
Educational expenses, children of employees Yellowstone National Park	121,519	113,700	177,000
Payment for tax losses on land acquired for Grand Teton National Park	21,902	12,000	23,000
Total, National Park Service	143,421	125,700	200,000
TOTAL, FISH AND WILDLIFE AND PARKS	55,612,015	57,355,516	69,400,000
TOTAL, DEPARTMENT OF THE INTERIOR, OTHER THAN RECLAMATION & POWER MARKETING AGENCIES	165,903,977	168,776,560	189,072,000

Annual Indefinite Appropriations, Fiscal Years 1970, 1971, and 1972

Bureau or Office and Appropriation Title	1970 Actual	1971 Estimate	1972 Estimate
PUBLIC LAND MANAGEMENT			
Bureau of Land Management			
Oregon and California frant lands	$ 14,893,033	$ 18,000,000	$ 19,000,000
Range improvements	1,769,466	1,795,000	2,514,000
Total, Bureau of Land Management	16,662,499	19,795,000	21,514,000
TOTAL, DEPARTMENT OF THE INTERIOR OTHER THAN SOUTHWESTERN POWER ADMINISTRATION	16,662,499	19,795,000	21,514,000

Trust Funds, Fiscal Years 1970, 1971, and 1972

Bureau or Office and Appropriation Title	1970 Actual	1971 Estimate	1972 Estimate
PUBLIC LAND MANAGEMENT			
Bureau of Land Management			
Contributed funds	$ 407,590	$ 600,000	$ 600,000
Expenses, public survey work	54,957	60,000	60,000
Trustee funds, Alaska Townsites	13,116	5,000	5,000
Total, Bureau of Land Management	475,663	665,000	665,000
Bureau of Indian Affairs			
Tribal funds:			
Appropriations:			
Definite	2,230,166	3,000,000	3,000,000
Indefinite	13,241,059	13,204,000	13,173,000
Permanent	87,939,551	115,715,000	52,669,000
Total, Tribal funds	103,410,776	131,919,000	68,842,000
Indian moneys proceeds of labor, agencies, schools, etc.	6,000,535	5,800,000	5,800,000
Funds contributed for Indian projects	14,233	--	--
Bequest of George C. Edgeter, for relief of indigent Indians	1,184	2,000	2,000
Total, Bureau of Indian Affairs	109,426,728	137,721,000	74,644,000
Bureau of Outdoor Recreation			
Contributed funds	75	--	--
TOTAL, PUBLIC LAND MANAGEMENT	109,902,466	138,386,000	75,309,000
MINERAL RESOURCES			
Bureau of Mines			
Contributed funds	1,336,541	1,300,000	1,300,000
FISH AND WILDLIFE AND PARKS			
Bureau of Sport Fisheries and Wildlife			
Contributed funds	252,590	999,700	1,262,950
National Park Service			
Donations	935,265	1,100,460	1,497,460
Advances from District of Columbia, National Park Service	7,247,507	--	--
Preservation, birthplace of Abraham Lincoln	2,540	2,540	2,540
Jefferson National Expansion Memorial, contribution	6,800	1,008,000	--
Total, National Park Service	8,192,112	2,111,000	1,500,000
TOTAL, FISH AND WILDLIFE AND PARKS	8,444,702	3,110,700	2,762,950

Trust Funds, Fiscal Years 1970, 1971, and 1972

Bureau or Office and Appropriation Title	1970 Actual	1971 Estimate	1972 Estimate
Office of Saline Water			
Cooperation with foreign agencies .....$	315,531	$ 1,212,222	$ --
Liquidation of contract authority	(4,334,937)	(2,737,778)	(500,000)
TOTAL, DEPARTMENT OF THE INTERIOR OTHER THAN RECLAMATION AND POWER	119,999,240	144,008,922	79,371,950

DEPARTMENT OF THE INTERIOR

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
PUBLIC LAND MANAGEMENT					
Bureau of Land Management					
Management of Lands and Resources	$ 58,394,000	$ 66,615,000	$ 80,349,000	$ 59,004,000	$ 71,874,000
Construction and Maintenance	3,040,000	4,437,000	3,390,000	3,551,000	3,851,000
Public Lands Development Roads and Trails	2,242,000	3,223,000	3,876,000	3,937,000	3,200,000
Oregon and California Grant Lands	11,787,000	11,891,000	19,931,000	23,507,000	19,000,000
Range Improvements	1,584,000	1,396,000	1,551,000	1,782,000	2,717,000
Subtotal, Items in Appropriation Bill	$ 77,047,000	87,562,000	109,097,000	91,781,000	100,642,000
Miscellaneous Permanent Appropriations	72,422,000	79,554,000	87,761,000	87,260,000	94,041,000
Trust Funds	581,000	587,000	470,000	665,000	665,000
Proposed Legislation:					
Alaska Native Claims					1,700,000
Management of Lands and Resources Firefighting	--	--	--	22,500,000	500,000
Management of Lands and Resources Pay Costs	--	--	--	2,555,000	102,000
Subtotal, Forecasted Supplementals	--	--	--	25,055,000	602,000
Advances and Reimbursements	-29,000	52,000	-206,000	--	
TOTAL, Bureau of Land Management	150,021,000	167,555,000	197,122,000	204,761,000	197,650,000

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
Bureau of Indian Affairs					
Education and Welfare Services	133,835,455	147,234,427	183,939,622	236,241,000	267,442,000
Resources Management.....	47,427,522	54,883,576	57,404,828	67,443,000	77,138,000
Construction.....	30,774,772	29,266,302	31,381,070	33,191,000	44,145,000
Road Construction.....	15,327,995	18,803,777	17,829,191	25,860,000	25,000,000
General Administrative Expenses	4,848,259	5,125,082	5,603,352	5,600.000	5,913,000
Revolving Fund for Loans.....	633,412	-79,443	-133,186	2,160,000	850,000
Subtotal, Items in Appropriation Bill.....	232,847,415	255,233,721	296,024,877	370,495,000	420,488,000
Claims and Treaty Obligations.			213,709	3,723,000	161,000
Miscellaneous Permanent Appropriations.....	7,800,941	7,465,970	8,127,004	7,139,000	7,139,000
Tribal Funds (Trust).....	116,227,745	114,137,894	50,733,707	66,259,000	96,200,000
Miscellaneous Trust Funds.....	2,479,085	5,145,068	4,027,270	3,500,000	3,800,000
Subtotal, Trust Funds.....	118,706,830	119,282,962	54,760,977	69,759,000	100,000,000
Education and Welfare Services Pay Cost.....	--	--		6,759,000	356,000
Resources Management-Pay Cost.	--	--		3,333,000	176,000
Resources Management-Fire Suppression.....	--	--		1,480,000	120,000
General Administrative Expenses-Pay Cost.....	--	--		376,000	--
Subtotal, Forecasted Supplementals...	--	--		11,948,000	652,000
Alaska Native Claims.....	--	--	--	--	25,000,000
Indian Credit.....	--	--	--	--	1,000,000
Navajo Community College.....	--	--	--	--	4,000,000
Subtotal Proposed Legislation	--	--	--	--	30,000,000

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
Bureau of Indian Affairs (Cont'd)					
Advances and Reimbursements....	-4,414,959	444,367	-1,132,238	--	--
Liquidation of Hoonah Housing Project Revolving Fund.....	-4,119	-5,499	19,504	94,000	12,000
TOTAL, Bureau of Indian Affairs	354,936,108	382,421,521	358,013,833	463,158,000	558,452,000
Bureau of Outdoor Recreation					
Salaries and Expenses.....	3,937,319	4,237,345	4,119,000	3,941,000	3,769,000
Land and Water Conservation....	99,347,499	125,245,013	112,489,000	225,000,000	265,000,000
Subtotal, Items in Appropriation Bill.....	103,284,818	129,482,358	116,608,000	228,941,000	268,769,000
Salaries and Expenses, Pay Cost	--	--	--	173,000	7,000
Advances and Reimbursements....	51,488	--	-59,000	34,000	24,000
Trust Funds, Contributed Funds.	--	--	--	3,000	--
TOTAL, Bureau of Outdoor Recreation.....	103,336,306	129,482,358	116,549,000	229,151,000	268,800,000

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
Office of Territories					
Administration of Territories Exp.	11,971,001	14,045,930	10,973,037	13,713,000	16,823,000
NL	4,049,983	7,363,003	2,185,667	5,300,000	4,900,000
Trust Territory of the Pacific Islands	21,341,179	33,821,774	39,926,504	51,300,000	60,000,000
Claims of inhabitants of Rongelap Atoll	--	1,166	--	--	--
Subtotal, Items in Appropriation Bill	37,362,163	55,231,873	53,085,208	70,313,000	81,723,000
Internal Revenue collections for the Virgin Islands (Permanent)	12,367,772	12,814,462	14,164,437	16,095,044	17,263,000
Forecasted Supplementals (Trust Territory)	--	--	--	38,000(Pay)	11,000,000(Prog.)
Repayments deposited in miscellaneous receipt accounts:					
Guam	--	-259,155	-303,000	-400,000	-500,000
Alaska Public Works	-25,000	-25,000	-25,000	-25,000	-25,000
Subtotal	-25,000	-284,155	-328,000	-425,000	-525,000
TOTAL, Office of Territories	49,704,935	67,762,180	66,921,645	86,021,044	109,461,000
TOTAL, PUBLIC LAND MANAGEMENT	657,998,349	747,221,059	738,606,478	983,091,044	1,134,363,000

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
MINERAL RESOURCES					
Geological Survey					
Surveys, Investigations, and Research in Appropriation Bill	89,430,517	90,723,796	102,136,693	105,724,000	118,355,000
Miscellaneous Permanent appropriations	228,471	269,135	25,410	--	--
Forecasted Supplementals (Pay Cost)	--	--	--	4,711,000	247,000
Advances and reimbursements	-1,570,661	780,114	530,151	--	--
TOTAL, Geological Survey	88,088,327	91,773,045	102,692,254	110,435,000	118,602,000

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
Bureau of Mines					
Conservation and Development of Mineral Resources	36,240,000	39,184,000	40,893,000	45,945,000	46,524,000
Health and Safety	10,385,000	11,299,000	17,069,000	54,173,000	69,613,000
General Administrative Expenses	1,570,000	1,656,000	1,691,000	1,780,000	1,865,000
Miscellaneous Appropriations (Solid Waste and Anthracite drainage)	3,442,000	2,210,000	1,463,000	960,000	225,000
Appalachian Region Mining Area Restoration	--	--	--	--	--
Public Enterprise Funds: Helium Fund (Borrowing Authority)	29,838,000	16,133,000	30,229,000	53,600,000	-2,300,000
Subtotal, Items in Appropriation Bill	81,475,000	70,482,000	91,345,000	156,458,000	115,927,000
Trust Funds	1,207,000	1,738,000	1,425,000	1,300,000	1,300,000
Advances and Reimbursements	53,000	240,000	-560,000	200,000	200,000
Pay Act Supplemental	--	--	--	3,268,000	281,000
Helium Fund (Borrowing Authority)	--	--	--	48,500,000	--
Subtotal, Forecasted Supplementals	--	--	--	51,768,000	281,000
TOTAL, Bureau of Mines	82,735,000	72,460,000	92,210,000	209,726,000	117,708,000

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
Office of Coal Research					
Salaries and Expenses, in Appropriation Bill.....	11,856,000	8,427,000	17,240,000	17,460,000	18,800,000
Trust Funds.....	6,000	2,000	52,000	34,000	--
TOTAL, Office of Coal Research	11,862,000	8,429,000	17,292,000	17,494,000	18,800,000
Office of Oil and Gas					
Salaries and Expenses, in Appropriation Bill.....	722,000	874,000	1,042,000	1,192,000	1,474,000
Forecasted Supplemental (Pay Costs).....	--	--	--	54,000	3,000
TOTAL, Office of Oil and Gas	722,000	874,000	1,042,000	1,246,000	1,477,000
TOTAL, MINERAL RESOURCES.....	183,407,327	173,536,045	213,236,254	338,901,000	256,587,000

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
FISH AND WILDLIFE AND PARKS					
Bureau of Sport Fisheries & Wildlife					
Management and Investigations of Resources	44,539,709	46,889,607	52,232,860	56,563,000	62,429,000
Construction	7,707,394	4,469,423	3,173,950	6,700,000	5,000,000
General Administrative Expenses	1,614,639	1,683,039	1,928,923	1,868,000	1,992,000
Anadromous and Great Lakes Fisheries Conservation	591,169	1,832,770	2,040,611	2,690,000	3,000,000
Migratory Bird Conservation Account	7,500,000	5,635,000	--	--	--
Appalachian Region fish and wildlife restoration projects	--	--	--	--	--
Subtotal, Items in Appropriation Bill	61,952,911	60,509,839	59,376,344	67,821,000	72,421,000
Migratory Bird Conservation Account	4,361,239	8,935,012	10,551,000	15,000,000	14,500,000
Miscellaneous Appropriations	35,404,061	39,528,822	44,435,434	58,000,000	62,200,000
Subtotal, Permanents	39,765,300	48,463,834	54,986,434	73,000,000	76,700,000
Trust Funds (Contributed Funds)	194,016	310,234	255,353	900,000	1,200,000
Forecasted Supplemental (Pay Costs)	--	--	--	1,979,000	121,000
TOTAL, Bureau of Sport Fisheries and Wildlife	101,912,227	109,283,907	114,618,131	143,700,000	150,442,000

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
National Park Service					
Management and Protection.....	43,461,915	45,500,141	53,198,434	59,292,000	66,443,000
Maintenance and Rehabilitation of Physical Facilities.....	30,503,455	32,848,277	40,482,803	47,748,000	54,800,000
General Administrative Expenses	2,655,646	3,023,136	3,481,215	3,538,000	3,668,000
Preservation of Historic Properties.....	684,060	604,716	1,147,185	6,766,000	8,033,000
Construction.....	14,233,231	18,438,732	12,769,767	16,300,000	33,835,000
Parkway and Road Construction (Liquidation of Contract Authority).....	25,485,502	22,472,847	19,546,307	19,600,000	26,000,000
Subtotal, Items in Appropriation Bill.....	117,023,809	122,887,849	130,625,711	153,244,000	192,779,000
Education expenses, children of employees, Yellowstone National Park.....	110,318	92,291	121,655	104,098	186,000
Payment of tax losses on land acquired for Grand Teton National Park.....	21,805	22,144	22,552	21,902	12,000
Operation, Management, Maintenance & Demolition of Federally Acquired Properties, Independence National Historical Park.....	370	--	--	--	--
Subtotal, Miscellaneous Permanent Appropriations.....	132,493	114,435	144,207	126,000	198,000
National Park Service, Donations	768,915	1,567,139	1,013,073	1,199,044	1,207,562
Advances from District of Columbia	7,499,002	7,973,387	6,885,205	1,325,956	477,638
Preservation, birthplace of Abraham Lincoln.....	--	--	494	25,000	--
National Park Foundation.....	29,664	811,148	--	--	--
Jefferson National Expansion Memorial, Contributions.....	82,201	38,394	35,218	300,000	714,800
Subtotal, Trust Funds.....	8,379,782	10,390,068	7,933,990	2,850,000	2,400,000

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
Advancements and Reimbursements..	42,241	-251,934	113,599	166,804	--
Forecasted Supplemental, Management and Protection.....	--	--	--	1,000,000	--
Pay Cost.....	--	--	--	5,280,000	245,000
Subtotal, Forecasted Supplementals....	--	--	--	6,280,000	245,000
TOTAL, National Park Service...	125,578,325	133,140,418	138,817,507	162,666,804	195,622,000
TOTAL, FISH AND WILDLIFE & PARKS	227,490,552	242,424,325	253,435,638	306,366,804	346,064,000

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
WATER & POWER RESOURCES					
Office of Saline Water					
Saline Water Conversion	$ --	$ 28,177,076	$ 24,929,335	$ 28,229,000	$ 28,425,000
Salaries and Expenses	25,286,190	--	--	--	--
Operation and Maintenance	1,999,113	--	--	--	--
Construction, Operation, and Maintenance	203,505	241,339	20,273	--	--
Prototype Desalting Plant	--	290,413	--	459,587	--
Advances and Reimbursements	--	--	-150,096	150,096	--
Subtotal, Items in Appropriation Bill	27,488,808	28,708,828	24,799,512	28,838,683	28,425,000
Trust Funds	1,102,552	8,740,733	5,404,146	3,980,877	500,000
Total, Office of Saline Water	28,591,360	37,449,561	30,203,658	32,819,560	28,925,000

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
Office of Water Resources Research					
Salaries and Expenses, in Appropriation Bill.....	8,962,000	10,810,000	11,804,000	11,693,000	12,644,000
Forecasted Supplemental (Pay Cost).....	--	--	--	39,000	1,000
TOTAL, Office of Water Resources Research....	8,962,000	10,810,000	11,804,000	11,732,000	12,645,000
TOTAL, WATER & POWER RESOURCES..	37,553,360	48,259,561	42,007,658	44,551,560	41,570,000
Office of the Solicitor					
Salaries and Expenses, In Appropriation Bill.....	5,193,000	5,533,000	6,412,000	6,336,000	6,507,000
Pay Cost Supplemental.....	--	--	--	354,000	21,000
TOTAL, Office of the Solicitor	5,193,000	5,533,000	6,412,000	6,690,000	6,528,000
ffice of the Secretary					
Salaries and Expenses.....	7,378,000	8,406,000	10,292,000	11,811,000	14,089,000
Salaries and Expenses (Special foreign currency program)....	--	--	--	--	400,000
NOTE: See below					
Subtotal, Items in Appropriation Bill.....	7,378,000	8,406,000	10,292,000	11,811,000	14,489,000
Working Capital Fund.....	61,000	-387,000	-11,000	--	--
Advances and Reimbursements....	-51,000	32,000	-19,000	--	--

NOTE: Does not include totals for Underground Electric Power Transmission Research which is included in the Public Works Appropriation Act.

Outlays by Appropriation for Fiscal Years 1968 through 1972

Appropriation	1968	1969	1970	1971	1972
Forecasted Supplemental, Pay Cost	--	--	--	500,000	30,000
TOTAL, Office of the Secretary	7,388,000	8,051,000	10,262,000	12,401,000	14,519,000
TOTAL, Department of Interior	1,119,030,588	1,225,024,990	1,263,960,028	1,692,001,408	1,799,631,000

DEPARTMENT OF THE INTERIOR

SUMMARY

Appropriations for Research and Development, by Activities

Fiscal Years 1970-1971-1972 & Comparison '71 vs '72

(Thousands of dollars)

Bureau and Appropriation	Fiscal Year 1970 actual	Fiscal Year 1971 estimated	Fiscal Year 1972 estimated	Increase + Decrease - 1972 vs 1971
Bureau of Land Management				
Management of Lands & Resources	628	711	727	+ 16
Oregon and California Grant Lands	86	88	91	+ 3
Sub-total - BLM	714	799	818	+ 19
Bureau of Outdoor Recreation				
Salaries and Expenses (Planning & Research)	123	127	127	--
Geological Survey				
Surveys, Investigations, and Research				
Special resource & environmental projects	--	750	1,750	+ 1,000
Alaska pipeline related investigations	709	1,320	1,320	--
Topographic surveys and mapping	1,000	1,000	1,050	+ 50
Geologic & mineral resource surveys & mapping	24,203	23,655	24,011	+ 356
Water resources investigations	13,250	13,860	14,520	+ 660
Conservation of lands & minerals	700	700	700	--
Earth resources observation systems	1,101	1,911	5,179	+ 3,268
Sub-total GS	40,963	43,196	48,530	+ 5,334
Bureau of Mines				
Conservation and Development of Mineral Resources				
Research:				
Coal	7,114	8,805	8,770	- 35
Petroleum	2,764	2,710	3,000	+ 290
Oil shale	2,464	2,508	2,500	- 8
Metallurgy	12,457	12,959	13,550	+ 591
Mining	6,498	7,940	4,900	- 3,040
Marine mineral mining	937	290	--	- 290
Explosives	679	693	693	--
	32,913	35,905	33,413	- 2,492
Health and Safety:				
Health and safety research	10,940	20,794	32,634	+11,840
Sub-total BM	43,853	56,699	66,047	+ 9,348

DEPARTMENT OF THE INTERIOR

S U M M A R Y (cont'd.)

Appropriations for Research and Development, by Activities

Fiscal Years 1970-1971-1972 & Comparison 1971 vs 1972

(thousands of dollars)

Bureau and Appropriation	Fiscal Year 1970 actual	Fiscal Year 1971 estimated	Fiscal Year 1972 estimated	Increase + Decrease - 1972 vs 1971
Bureau of Sport Fisheries and Wildlife				
Management & Investigations of Resources:				
Fishery research	4,486	5,106	5,299	+ 193
Wildlife research	8,601	9,298	9,898	+ 600
Construction - Fishery facilities	350	700 /a	--	- 700
Anadromous & Great Lakes Fisheries conservation	430	725	560	- 165
Federal Aid in Fish Restoration & management	2,143	2,105	3,100	+ 995
Federal Aid in Wildlife Restoration	3,345	3,360	3,885	+ 525
Contributed Funds - (Trust Funds)	2	101	135	+ 34
Sub-total SF&WL	19,357	21,395	22,877	+ 1,482
Office of Saline Water				
Salaries & Expenses - Saline Water Conversion	25,000	28,573	27,025	- 1,548
Office of Water Resources Research				
Salaries & Expenses				
Assistance to States for institutes	5,100	5,100	5,100	--
Matching grants to institutes	3,000	3,000	3,000	--
Additional water research	2,000	3,500	4,500	+ 1,000
Scientific information center	515	816	912	+ 96
Administration	649	805	923	+ 118
Sub-total OSW	11,265	13,221	14,435	+ 1,214
Office of Coal Research - Salaries & Expenses OCR	15,300	17,160	21,000	+ 3,840
Office of the Secretary - Salaries & Expenses				
Special Foreign Currency Program - Research	------	------	500	+ 500
TOTAL, DEPARTMENT OF THE INTERIOR, except Reclamation, Water and Power Marketing Bureaus	156,575	181,170	201,359	+ 20,189

/a Transferred to Department of Commerce, National Oceanic and Atmospheric Administration.

DEPARTMENT OF THE INTERIOR

Other than Reclamation and Power Marketing Agencies

Analysis of Permanent Positions, Fiscal Years 1970-1972

Bureau or Office and Appropriation Title	Permanent Positions in 1972 Budget			
	1970	1971	1972	Increase or Decrease (-)
PUBLIC LAND MANAGEMENT				
Bureau of Land Management				
Management of lands and resources	3,120	3,155	3,275	+120
Construction and maintenance	91	99	106	+7
Public lands development roads and trails (liquidation of contract authority)	88	88	88	--
Oregon and California grant lands	478	491	491	--
Allocations to other agencies	-125	-125	-125	--
Net, Total	353	366	366	--
Range improvements	46	46	46	--
Subtotal	3,698	3,754	3,881	+127
Other funds	122	125	106	-19
Total, Bureau of Land Management	3,820	3,879	3,987	+108
Bureau of Indian Affairs				
Education and welfare services	9,549	10,087	10,230	+143
Resources management	4,059	4,028	4,057	+29
Construction	498	480	510	+30
Allocation to another bureau	-86	-95	-125	-30
Net, Total	412	385	385	--
Road construction (liquidation of contract authority)	491	491	491	--
Allocations to another agency	-1	-1	-1	--
Net, Total	490	490	490	--
General administrative expenses	452	452	452	--
Subtotal	14,962	15,442	15,614	+172
Other funds	1,072	989	969	-20
Total, Bureau of Indian Affairs	16,034	16,431	16,583	+152
Bureau of Outdoor Recreation				
Salaries and expenses	252	252	236	-16
Land and water conservation	672	759	838	+79
Allocations to other bureaus and agencies	-449	-497	-546	-49
Net, Total	223	262	292	+30
Subtotal	475	514	528	+14
Other funds	31	31	26	-5
Total, Bureau of Outdoor Recreation	506	545	554	+9
Office of Territories				
Administration of Territories	94	94	87	-7
Trust Territory of the Pacific Islands	310	322	321	-1
Subtotal	404	416	408	-8
Other funds	--	4	4	--
Total, Office of Territories	404	420	412	-8
TOTAL, PUBLIC LAND MANAGEMENT	20,764	21,275	21,536	+261

Analysis of Permanent Positions, Fiscal Years 1970-1972

Bureau or Office and Appropriation Title	Permanent Positions in 1972 Budget			
	1970	1971	1972	Increase or Decrease (-
MINERAL RESOURCES				
Geological Survey:				
Surveys, investigations, and research	5,606	5,626	5,867	+241
Other funds	2,709	2,689	2,598	-91
Total, Geological Survey	8,315	8,315	8,465	+150
Bureau of Mines				
Conservation and development of mineral resources	2,595	2,564	2,529	-35
Health and safety	1,380	2,242	2,494	+252
General administrative expenses	140	138	138	--
Helium fund	365	355	275	-80
Subtotal	4,480	5,299	5,436	+137
Other funds	498	509	452	-57
Total, Bureau of Mines	4,978	5,808	5,888	+80
Office of Coal Research				
Salaries and expenses	25	25	26	+1
Office of Oil and Gas				
Salaries and expenses	67	72	79	+7
TOTAL, MINERAL RESOURCES	13,385	14,220	14,458	+238
FISH AND WILDLIFE AND PARKS				
Bureau of Sport Fisheries and Wildlife				
Management and investigations of resources	2,897	2,878	3,052	+174
Construction	48	78	72	-6
General administrative expenses	156	158	158	--
Anadromous and Great Lakes fisheries conservation	13	14	14	--
Migratory bird conservation account	195	206	206	--
Subtotal	3,309	3,334	3,502	+168
Other funds	665	722	714	-8
Total, Bureau of Sport Fisheries and Wildlife	3,974	4,056	4,216	+160

Analysis of Permanent Positions, Fiscal Years 1970-1972

Bureau or Office and Appropriation Title	Permanent Positions in 1972 Budget			
	1970	1971	1972	Increase or Decrease (-)
FISH AND WILDLIFE AND PARKS (Cont'd)				
National Park Service				
Management and protection	3,264	3,718	3,831	+113
Maintenance and rehabilitation of physical facilities	2,304	2,821	2,930	+109
General administrative expenses	216	216	216	--
Preservation of historic properties	40	48	91	+43
Construction	204	323	323	--
Parkway and road construction (liquidation of contract authority)	426	442	442	--
Allocations to other agencies	-140	-156	-156	--
Net, Total	286	286	286	--
Subtotal	6,314	7,412	7,677	+265
Other funds	1,221	513	535	+22
Total, National Park Service	7,535	7,925	8,212	+287
TOTAL, FISH AND WILDLIFE AND PARKS	11,509	11,981	12,428	+447
Office of Saline Water				
Saline water conversion	137	144	149	+5
SECRETARIAL OFFICES				
Office of the Solicitor				
Salaries and expenses	468	402	402	--
Office of the Secretary				
Salaries and expenses	600	635	693	+58
Other funds	232	252	253	+1
Total, Office of the Secretary	832	887	946	+59
Office of Water Resources Research				
Salaries and expenses	40	42	46	+4
TOTAL, SECRETARIAL OFFICES	1,340	1,331	1,394	+63
GRAND TOTAL	47,135	48,951	49,965	+1,014
Annual Appropriations:				
Gross positions	41,386	43,991	45,261	+1,270
Allocations to other bureaus and agencies	-801	-874	-953	-79
Net positions	40,585	43,117	44,308	+1,191
Other funds	6,550	5,834	5,657	-177

NOTE: "Other funds" includes permanent appropriations; trust funds; advances and reimbursements; revolving and management funds; and allocations from other bureaus and agencies.

PROGRAMS STRUCTURED ON PRIORITY BASIS

Mrs. HANSEN. Mr. Secretary, may we have your overall comments on those areas which have received the highest priorities in this budget.

Secretary MORTON. As a matter of fact, in attempting to prepare myself to do this, I reviewed the budget. But what you come up with, Madam Chairman, is a more or less general increase across the board. The actual funds within the bureaus and in the offices and within the services have been structured on a priority basis.

UPPING NATIONAL PARK MAINTENANCE STANDARDS

One of the priorities which concerns me a great deal in the Park Service is bringing the park standards up as far as maintenance and operations are concerned. This is of the highest priority in the Park Service. The second is combating of crime in the parks. Those two areas need a great deal of money. Money is not the total answer, as you well know, but during the course of this year this is an area that is going to receive a great deal of personal attention from me.

INCREASED FUNDING FOR INDIAN PROGRAMS

The area of the largest increase, of course, is in the area of our whole Indian program spectrum. I might add that I understand that the budget requests of other departments for programs that are affecting Indians also have been very substantially increased, and they are probably looking at a total expenditure in Indian programs of the BIA plus other departments—such as HEW who have programs geared to Indians—of almost a billion dollars. This is by far and away the most money that has ever been allocated.

Mrs. HANSEN. I congratulate you on these increases. The committee will discuss in depth later on in our hearings the budget requests of the Bureau of Indian Affairs. But I am glad you are aware of the problems within the BIA, particularly concerning funding for education programs. I also congratulate you on raising the National Park Service budget to the sum that will take care of not only the ecology of the parks but will also keep the parks as safe as possible. Last year we had a rather long hearing on the problems in Yosemite National Park, which are only typical of those areas adjacent to urban areas and which are recurring with greater frequency each year.

FUNDING FOR NATURAL RESOURCE MANAGEMENT

The committee has always felt that the part of the budget concerned with the management of our national resources was never large enough to reflect the needs of the United States. I think the budget for natural resources is only 1.9 percent of the total budget of the United States. As you are well aware, the receipts from the various activities within the Department practically equal your expenditures.

The committee has felt that the Department of the Interior, which has under its jurisdiction many of our national resources, including people, was singularly shortchanged in funds to properly manage

your resources. Yesterday and the day before this committee held hearings on the Forest Service budget. It doesn't seem to me that the funding requests of the Forest Service are adequate, considering the basic responsibilities they have for watershed management and recreation use as well as the inherent value of timber for housing.

This has also been true, as you well know, in the Bureau of Land Management. Last year during our hearings the committee discovered that the budget was about 2.5 percent adequate in necessary recreation facilities. These inadequacies have been pointed out by the Congress repeatedly. This committee has been unanimous in its feeling that these needs should be reflected in increased budgets so that you will be able to meet the needs of America today. The committee has been singularly bitter about the fact that budgets for these resources have been underfunded, and have not reflected our necessities.

OIL SPILLS

For example, if you read our hearing record of a few years ago, you will find that this committee asked questions on how much knowledge was being developed on the effects of oil spills. Mr. Secretary, if the Geological Survey had had the necessary funds some of the problems you are having today in this area could have been eliminated. It is incumbent that you provide these necessary funds.

EARTHQUAKE DETECTION

Japan has started an earthquake detection program. The United States, which has so many disastrous earthquakes, found that it has insufficient funds to do the same thing. These are the problems for which no Secretary is to blame.

Mr. Hite has heard me discuss many times that the Office of Management and Budget somehow has to get the message that when you have crisis conditions, crisis budgets are needed.

MINE HEALTH AND SAFETY

Secretary MORTON. Madam Chairman, if I may, so that one or two other areas are not left out as far as my own testimony is concerned, in responding to your question of the major priorities, I would like to cite the whole matter of mine safety as well.

I would like to say this on the record, that I am in the process of restructuring the Board of Advisers that was created in this area by statute and which has received some publicity. The appointment of this Board was done prior to my taking office. I am now in the process of restructuring that Board. Three of the members that were appointed have resigned. We are going to make sure that the Board is completely in keeping with the spirit of the statute which authorized it and also completely effective in helping us create a better climate of safety in the mining industry.

Mrs. HANSEN. That is welcome news to the committee.

Secretary MORTON. I would like to add about that program that this is, of course, a very difficult one because the whole mine safety program is a reflection of the human skills that we are able to develop not only

among the inspectors but through them among the mine supervisors and mine foremen.

This program is not going as fast as I would like it to go. However, I would say in its defense that the job is being done thoroughly. Maybe the selection of inspectors is taking too long. We are trying to speed it up. I do have confidence that the men who are being selected to become inspectors are good and the program that is being worked out for their training is good. I think, as we improve our skills, we will see great progress made in this area.

Mrs. HANSEN. Mr. Obey, do you have any comments at this time?

ADMINISTRATION POLICY ON INDIANS

Mr. OBEY. Just one, Madam Chairman. I, for one, was very pleased last year when the President announced his policy toward Indian affairs, that of self-determination without termination. If you want an example of how pell-mell termination was just catastrophically disastrous to Indians, all you have to do is look in my own district at the Menominees. They were one of the first tribes to be terminated in the 1950's. The conditions in that county today are just atrocious—health conditions, education conditions, economic, you name it. They were terminated far before they had any ability to handle their own affairs.

Mrs. HANSEN. Will the gentleman yield?

Mr. OBEY. Surely.

Mrs. HANSEN. Some of the members on the Interior and Insular Affairs Committee at that time warned of the catastrophe that was coming, but unfortunately we were ignored.

Mr. OBEY. I am well aware of that. I just hope that the administration will be very aggressive in pushing the goal as outlined in that statement because if they don't, I am afraid some other Indian groups are going to be in for some pretty rough times.

Secretary MORTON. I couldn't agree with you more, Mr. Congressman, I think, by the very fact that we are asking for funds in the order twice what we have really spent before. I think another thing that augurs well is that the whole Government is into this account. It is now a much broader program than the one administered by the BIA itself. These other programs, I think, are going to have a good impact. We have to be very careful, however, not to move too fast so that we stir up more difficulties than they otherwise would have among the political and social infrastructure of the Indians themselves. There is a lot of unrest at the moment because of these new programs, because of new faces on the scene. I think we have to keep that in balance, too, as to how fast we move.

SOLID WASTE DISPOSAL

Mr. OBEY. Another general comment I would have would be that I also hope that you will really emphasize in your Bureau of Mines the recycling of solid waste. Again I use my own district as an example. I don't have any big cities in my district. I have small ones and a lot of open land. Mine is the district where cities like Chicago are looking very hopefully for dump sites. I don't like the idea, and neither do my people, of being looked at as primarily a receptacle for that kind

of stuff from your major cities. I just don't think there is a more crucial problem involved in the environment than the solid waste problem.

Secretary MORTON. I would agree. The Bureau of Mines is involved in this, and other agencies. Hopefully we are going to make sure there is no duplication of effort, and yet the whole problem of waste and recycling is given all the attention that it deserves in the Government. I agree with you.

Mrs. HANSEN. Mr. Galifianakis?

LAND AND WATER CONSERVATION FUND ACQUISITIONS

Mr. GALIFIANAKIS. Thank you, Madam Chairman.

At the Senate appropriation hearings about 2 weeks ago, it was brought out that about $132 million in funds for land acquisition was caught up in the freeze. Needless to say, this of course hampers the States in their own programs. In the intervening period, have you decided whether these funds can be released prior to July 1?

Secretary MORTON. I am going to let Dick Hite answer that question.

Mr. HITE. I think you are referring, sir, to the outlay limitation for 1971 for the land and water conservation fund. In support of our testimony in the Senate, we feel that our current outlay limitation of $225 million is sufficient for this year. This is in part attributable to the slowness in State matching funds that was not obligated.

Mr. GALIFIANAKIS. Is it difficult from the State side?

Mr. HITE. Primarily. This is why obligation of those funds is so slow.

Secretary MORTON. I think we ought to put in the record, Mr. Galifianakis, at this point a statement that I have here of the land and water conservation fund status through January 31, 1971. I think that will give you a pretty good breakdown on what the 1971 appropriations were, and what the obligations were, the outlay ceiling and what the actual outlays were for 1971.

(The information follows:)

LAND AND WATER CONSERVATION FUND STATUS THROUGH JAN. 31, 1971

[In thousands of dollars]

Program	Fiscal year 1971 appropriation	Obligations to Jan. 31, 1971	Outlay ceiling	Outlays to Jan. 31, 1971
Assistance to States	185,400	45,723	65,000	35,485
Federal programs:				
National Park Service	96,600	34,874	85,400	53,292
Forest Service	32,741	9,098	27,000	14,626
Bureau of Sport Fisheries and Wildlife	8,000	2,265	5,000	2,519
Bureau of Land Management	500	61	300	69
Redwood National Park		66	38,000	8,099
Contract liquidation	30,000		(1)	(1)
Subtotal, Federal	167,841	46,365	155,700	78,605
Administrative expenses	4,159	2,410	4,300	2,155
Total	357,400	94,497	225,000	116,245

[1] Contract liquidation outlay ceiling and outlays are included in agency totals.

LAND AND WATER CONSERVATION FUND RECEIPTS, FISCAL YEARS 1971–72

[In thousands]

Source	1971	1972
Golden Eagle	$5,000	$2,500
Other entrance and user fees	7,000	3,500
Motorboat fuel taxes	26,000	18,000
Federal surplus property sales	65,000	68,500
Subtotal	103,000	92,500
Outer Continental Shelf	197,000	190,000
General fund		17,500
Total	300,000	300,000

RELEASE OF BUDGETARY RESERVES

Mr. HITE. This will indicate we have outlays of less than half the funds available through January 31.

Mr. GALIFIANAKIS. If the funds were desperately needed, could you anticipate release of those program funds?

Mr. HITE. We would certainly go to the Office of Management and Budget and seek such a release. But the judgment there would be made in relation to the overall economic picture.

Mr. GALIFIANAKIS. You have made no effort up to this point, have you?

Mr. HITE. No, sir; we have not seen the need.

MINE HEALTH AND SAFETY

Mr. GALIFIANAKIS. One other point. I want to commend the Secretary on his comments about mine safety. I was interested in his efforts to recruit new inspectors. From what source would the recruiting be done? I don't come from a mine area, but whenever a catastrophe occurs I think the whole Nation shares in the deep concern about the victims. What are you looking for and where will your recruiting be done?

Secretary MORTON. It's being done fairly nationwide, primarily though in the coal mine areas and the mining areas because a background of practical knowledge is required. Of course these are civil service jobs, so we have to make sure that these people are enrolled and are available from the roster.

ELIGIBILITY STANDARDS FOR MINE INSPECTORS

Mr. GALIFIANAKIS. Would a coal miner, for example, be eligible to train for your program?

Secretary MORTON. He would be if he could pass the civil service examination. This has actually, in my opinion, limited it to a slight extent because there are a lot of people in the mining industry who are very, very skilled and are practical and are able and could do a good job but who, for educational background reasons, are necessarily excluded. This is just one of the facts of life. A written examination is not currently required for mine inspectors.

Mrs. HANSEN. One of those cute little mathematical questions from the Civil Service Commission test stumped my clerks for a couple of days.

Secretary MORTON. But we are trying to bring people in at the inspector level from both former union and company affiliations. We are getting some very good people.

The other thing—and there has been quite a flak raised about it—we need some generalists in this area who are not necessarily locked into the coal industry or into the coal industry syndrome. We have had a little trouble with the appointment of one person who is a generalist, who is a former judge and who is doing an excellent job. But I think we have to broaden the base of our mine safety program so that it's not such a closed shop, so to speak, within the industry itself, that we bring in a little new blood and some outside points of view and take advantage of some technology that exists outside of the mining industry. We are in the process of doing that also.

Mr. GALIFIANAKIS. Apparently there are some mines that are referred to as the captive mines where safety devices and techniques have been successfully employed but apparently are too expensive to be used.

MINE DUST PROBLEM

Secretary MORTON. The big problem, of course, is dust in the health area—this is the toughest one—and mechanical engineering in the safety area. There are devices. There are methods. There is always a right way to do it, and you are up against the human element. I think the more we can bring mine safety into sort of a daily consciousness of the whole industry the better we are going to be. Our goal is just to move this from one of the most casualty prone industries up to a point where we can be very proud of it as an industry, as far as casualties are concerned. This is going to take a lot of doing, and I know that.

CONSULTATION WITH MINERS

Mr. GALIFIANAKIS. I would hope that in your efforts to reach that goal that regular and constant consultation should be made with the miners themselves, because I really think they have a keen sense of their own safety and that it ought to encompass their own viewpoint.

Secretary MORTON. We have already had one such meeting with miners, with men who actually work the machines. They do have a keen sense of it, but here again is where habit and carelessness and human failings sometimes take place. We think if we can develop a keener interest across the board with their families, with their companies and with the unions, so that safety is a major part of their daily consideration, we will be better off.

Mr. GALIFIANAKIS. Thank you very much, Mr. Secretary.

Mrs. HANSEN. I yield to the distinguished ranking minority member, Mr. McDade.

COAL MINE SAFETY ACT

Mr. MCDADE. Thank you, Madam Chairman.

Mr. Secretary, I want to comment too on the effort you are making under the Coal Mine Safety Act. My district, as you know, used to be a mining area. It isn't any more. We were in the hard coal business up in my district. But I think it's keeping faith with the country, with the people who mine the coal and the Congress to come in with just about full funding for the entire Act as a budgetary request.

I want to comment too on your anticipation for being completely staffed with safety people. I think that it's a tremendous undertaking. We have had some discussions about that for over a year and a half in this committee. We recognize a bit the problems that you have finding the people. Finding the skilled people to be able to do this job is not easy. There is a reluctance on the part of people all over the Nation to work in the mines. Then to find people who are responsible for safety is, I think, probably even a more difficult task.

I think it's keeping faith with everyone to come in with this budget at this level and to make the statement that you are going to try to be completely staffed for the job in 1972.

OFFICE OF COAL RESEARCH FUNDING

I am interested too, where for the Office of Coal Research you have increases to try to beef up the Nation's energy requirements with nonpolluting sources of energy. Is that the MHD process and the conversion of coal and gas? Is that what it is?

Mr. WILES. There are two new projects. One is the BCR project; one is the Pittsburg-Midway, low-ash, low-sulphur project; and the third project, the Consol/HRI, is in Cresap, W. Va. The latter project is to modify and operate an existing pilot plant for the conversion of coal to low sulfur fuel oil.

Mr. MCDADE. Obviously we need to increase our Nation's resources, particularly if we can find any that are nonpolluting. I am delighted to see that. I'm pleased, also, to see the reduction in funding for the Helium fund.

Mr. WILES. There is money in the budget for MHD but it's not at the pilot plant stage yet. There is a demand for bench scale research. The three I mentioned are pilot plants.

RESEARCH ON ENERGY REQUIREMENTS

Secretary MORTON. If I may, Joe, let me just say this. That I don't think we are scratching the surface today on research that is going to be needed to bring our energy requirements into line certainly the first half or the first quarter of the next century. What we are doing is good. But I would not want this committee to feel that I was in any way satisfied with the research program that Government-wide we are undertaking. I think we are much farther down the stream in our utilization of national resources which are combustible and finite than we would let ourselves believe. I think we have got to redouble our efforts toward the development of clean energy sources based on the reserves that we have, particularly in the area of coal.

COMBATTING AIR AND WATER POLLUTION

Mr. MCDADE. I think you are absolutely right. I am delighted to hear your sympathy is in that direction. I note too just on this general subject that a major increase in the Park Service is for construction of facilities to combat both air and water pollution. This is in line with the President's Executive Order, isn't it?

Secretary MORTON. This is for getting the Government to clean its own house.

INDIAN AFFAIRS PROGRAMING

Mr. McDade. I think that is a good place to start. I am delighted to see that increase in the budget. That is all, Madam Chairman, except to point out, too, that we will try to work with you, as we have, on the problem of the American Indian and the difficulties that he faces. This increase in money alone isn't going to do it. I think no one taught me that better than our colleague, Ben Reifel. But certainly you have got to have the money to start with. This effort is again trying to keep faith, I think, with a commitment this Nation has. I am delighted to see it. Thank you, Madam Chairman.

Mrs. Hansen. Our distinguished colleague and neighbor, Mr. Wyatt.

Mr. Wyatt. Thank you, Madam Chairman. I would like to commend the Department, Mr. Secretary, upon the general increases across the board for the Department. I think it's extremely significant and important that there be these increases in view of the fact that this is one of the moneymaking agencies of the Federal Government. With some exceptions, of course, we have very strong evidence that the more money that is invested the more money that we have returned to the Government.

Of course, the emphasis upon pollution abatement and the emphasis upon the renewable resources I think is excellent.

INCREASED FUNDING FOR INTERIOR

I am very encouraged to see the increases in two areas that I think have been very, very badly neglected in previous years while I have been on this committee, and prior to that time. One, of course, is the Bureau of Indian Affairs and the other is the Office of Territories. I don't think we have as a nation, I don't think that we have as a Congress met our responsibilities. In fact, I think we have long neglected our responsibilities in these two areas.

I would like to compliment the Department upon the increases for the Bureau of Outdoor Recreation and for the National Park Service because, since as our population has been growing and the demands for the recreational services of the Federal Government have grown, our output has not kept up with the demands. I think this is a long step in the right direction.

Again we welcome you, Mr. Secretary. We are anxious to get into the details of the budget.

Secretary Morton. Let me respond to that one point, Madam Chairman, if I may.

Mrs. Hansen. Please do.

NEW ASSISTANT SECRETARY NEEDED

Secretary Morton. There are two areas that I would like to move ahead in. One, I think that with the Indian programs changing to the extent that they are and with the new thrust that has been given to the programs by the President's Message of July 8, it would behoove us to organizationally restructure ourselves to better manage the

moneys that go into Indian programs and Indian affairs. For that reason, I would support very heavily the idea of an Assistant Secretary whose responsibilities are primarily in the human resource area, Indians and perhaps Territories. This is one area where I feel that more time and more energy and more management skill is required than an Assistant Secretary who has other large administrative responsibilities could be expected to give. Hopefully, we will be able to have the Congressional blessing on that.

ADMINISTRATION AT SECRETARIAL LEVEL

The other item is in the area of administration. Hopefully, we will have before the Congress soon a bill to provide our Administrative Assistant Secretary with a level-four status instead of a level-five, so that again its impact, particularly in this very complicated area of administration in the BIA, can be thoroughly felt.

Mrs. HANSEN. Will the gentleman yield?

Mr. WYATT. Yes, Madam Chairman.

Mrs. HANSEN. I congratulate you on this. I joined in introducing a bill last year and the year before, providing for an Assistant Secretary of the Bureau of Indian Affairs because it seemed to me that the management operation of the BIA was having some difficulties. I don't think the problems have come about because of the Indian people. They have been very eager and very willing to work with any Secretary that was able. But there are so many areas in the BIA that need constant attention. You have your schools, water, roads, resources, economic development, and health problems.

Secretary MORTON. That is right.

Mrs. HANSEN. The BIA needs high level management techniques. I congratulate you on that. Mr. Wyatt.

FREEZING OF CONGRESSIONAL ADD-ONS

Mr. WYATT. I have this further comment for the benefit of the Secretary. I know from long association with the Secretary that he is a strong believer in the doctrine of separation of powers in our Government. I hope that you have more success than some of your predecessors in both administrations, Mr. Secretary, in seeing that the Bureau of the Budget doesn't try to violate this principle by freezing the Congressional add-ons that this committee makes. There is no purpose of our sitting here for 6 weeks and eliminating some articles and adding to others and coming out with a budget that is less than the amount that has been requested by the Administration when the Bureau of the Budget turns around and freezes the Congressional add-ons. It just completely eliminates the doctrine of separation of powers. I would expect the Secretary to be a strong fighter in preservation of that doctrine.

Mrs. HANSEN. The Secretary, I may add, was a participant in a Congressional add-on at one time and we had some haggles with the Office of Management and Budget at that time.

Secretary MORTON. Madam Chairman, we expect to have some more.

REORGANIZATION OF DEPARTMENT

Mrs. HANSEN. I am sure you do.

Mr. Secretary, to the extent that you can or wish, do you want to review for the committee any proposed reorganizations you may be making in your Department?

Secretary MORTON. First, I would like to deal with the Secretariat; that is, that part of the management organization that reports to the Secretary directly as opposed to that part of the organization which we would call the line organizations that report to an Assistant Secretary.

When I first came on board, I found that the major staff elements of the Secretariat were very loosely organized and were in themselves separate entities. I think if I may go off the record——

(Discussion off the record.)

Secretary MORTON. Back on the record. What I found was that the whole planning and qualitative review of the programs were being handled by separate entities that really reported directly to the Secretary. The result was that I had some 28 different operations reporting to me directly.

THE SECRETARIAT—THREE COMPONENTS

The first move of reorganizing was the consolidation of the Secretariat into three components. One would be the Secretary-Under Secretary component. The other one would be a programs component, which would be a planning and qualitative organization that would answer the question, how are we doing and where are we going from here, and the third is the administrative component which would include the budget process. It would include the audit process. It would include all of our housekeeping and personnel, the administrative responsibilities.

This reorganization is well underway. We will very shortly announce the appointment of an Assistant Secretary for Administration. We will very shortly announce the appointment of an Under Secretary.

The programs area I would like to keep open for a little while, because I want the Under Secretary to involve himself in this area. I think this will work well.

ASSISTANT SECRETARY FOR INDIAN AFFAIRS

Basically, we will have all of that done by the end of this month. Then we will address ourselves to the reorganization of the so-called Indian functions. Here we want to do a good deal more studying. We want to decide how best to do it. Hopefully, if we can get the Assistant Secretary for Indian Affairs created and functioning and could get that bill through the Congress, this would be a great help to us in reestablishing the line responsibilities.

I don't know how long this will take. You perhaps know better than I how long it will take us to get it done.

Mr. HANSEN. Good luck!

MATCHING PEOPLE TO JOBS

Secretary MORTON. But our general thought is again to group the line operations basically together where their fuctions would indicate that they should be together, but also group them on the basis of the

talents that we have in our management structure. I think sometimes we draw these beautiful charts on paper and we forget the talents of the people involved. This, in my mind, is going to do the job backward.

MANAGEMENT BUILDING PROGRAM

I am very encouraged by the response that I have had in the recruiting of top people. Frankly, I think where we are short; we don't have enough people like the people who are here beside me today—Dick Hite and Frank Wiles—and people who have both a background of understanding and yet are dynamic in their approach to solving the problems that we have. So we are going into a very aggressive management building program to upgrade the decisionmaking process across the bureaus and across the various services in the Department.

Mrs. HANSEN. Thank you, Mr. Secretary. You have some extremely talented people in your Department, as you have mentioned. But you also have others who are not as capable.

Secretary MORTON. We understand this.

Mrs. HANSEN. I think Mr. Hite's and Mr. Wiles' dynamism results from the unhappy hours they have spent answering some very embarrassing questions which could well have been avoided by better planning.

Secretary MORTON. We think that the planning function is not anywhere near up to the standard that it should be to justify expenditures. I am very ready to admit that.

Mrs. HANSEN. You are completely right.

Mr. HITE. May I make a comment? One of my more traumatic experiences last year—and I am sure one of the frustrating things for the committee—was trying to explain how the elements in the Office of the Secretary fit together at our hearing on that particular account.

SECRETARIAL REORGANIZATION

I think that when we come before you this year that the Secretary's reorganization will clarify these roles and missions, particularly in affixing total responsibility for the formulation and execution of the budget under the purview of the Budget Director with supervision by the Assistant Secretary for Administration. I know this has been an area of great puzzlement to the committee, and I think we will be able to clarify that.

Mrs. HANSEN. It wasn't exactly puzzlement. It was with sometimes great feeling and sorrow that the committee realized that many of the people working on interrelated programs weren't speaking to each other.

Mr. HITE. There has certainly been a communication difficulty. I think this will help to resolve it.

Mrs. HANSEN. I will relate an incident that happened when I was in Alaska. Three Departmental employees were there working on an interrelated program and it was the first time that they had ever met each other or even talked with each other. It was somewhat of a shock because their offices in Washington were located in the Interior building not very far apart.

SECRETARY MORTON IN DENVER

Secretary MORTON. I spent a day in Denver yesterday, Madam Chairman, and went into this very problem of observing the field operations actually, the people involved and how they were related to each other. I think there is a great deal of work that we can do in this area. Perhaps it's a little presumptuous of me to bring it up at this hearing, but I hope to be able to go to Denver this summer during the congressional recess and operate the Department from Denver, so that the top staff of the Secretariat will get a better idea of just exactly what happens on the ground and in the field where the work is actually done.

PRESIDENTIAL REORGANIZATION PLAN

Mrs. HANSEN. Do you have any comments to make at this time regarding the President's reorganization plan to set up, (1) the Department of Human Resources, (2) the Department of Natural Resources, (3) the Department of Community Development, and (4) the Department of Economic Development? Specifically, do you feel this is going to be helpful to the Department of the Interior?

DEPARTMENT OF NATURAL RESOURCES

Secretary MORTON. Of course the Department of Interior backs the central part of the Department of Natural Resources. Actually, the establishment of a Department of Natural Resources probably would require the smallest departure from patterns that already exist. In other words, you wouldn't have to add too many other functions that are now in other areas in order to achieve this. I think this would be a great step forward for the Department, because we would then be able to really get into the resource management business to the extent that we should be in it, I think.

There is no real problem in my mind, except the problem of getting the right people on board and getting the right management systems established in advance of such a reorganization so that it would be a forward step as far as effectiveness of the various programs involved and as far as the utilization of resources and funds.

I think if we can upgrade the Department, which we are in the process of doing, the establishment of a Department of Natural Resources would be a very, very good thing for the American people.

DEVELOPMENT OF LAND USE PLANS

I think that several things have to go along with this on making it fully operative and fully effective, and that is the development of land use plans. I believe that this has been the great shortcoming of the American development. It has resulted in these fast corridors of high density such as the Boston-Washington corridor in the East, the Pittsburgh-Chicago corridor in the Midwest and the Southern California corridor from San Francisco to San Diego. We have these very high density areas with the rest of the area of the United States relatively at a low density. This occurrence has caused all sorts of social problems and environmental problems that we are now struggling with in a rather dramatic way.

STATE LAND USE PLANS

Accompanying the reorganization, such as the development of a Department of Natural Resources, should be a system of State land use plans that are compatible themselves with each other and compatible with what our goals for growth and development are in this country.

Reorganization alone is not the answer but reorganization coupled with some real land use planning on the part of the States, stimulated I think by the Federal Government—and we are going to come up with a bill which provides for $100 million to be distributed, $20 million a year, to the States—this really doesn't require much money to do this job. It just simply requires a determination to do it.

Mrs. HANSEN. Isn't it also true, Mr. Secretary that you need to apply the research that has already been developed in managing these resources?

Secretary MORTON. That is absolutely true. In conclusion on that point, I believe that this Department of Natural Resources can be a very vital element in the future growth of this country so that the management and conservation of the environment are brought up into a priority equal to the development of our economy and to our defense. I don't think there is any other way to achieve it.

STATES HAVING LAND USE PLANS

Mrs. HANSEN. On that point, please insert in the record how many States at the present time have land use plans.

(Information follows:)

STATE LAND-USE PLANS

As yet, there is no unanimity as to what constitutes a state land use plan. However, using the criteria of state capability to meet the objectives of the proposed legislation on National land use policy (S. 632 introduced by Senator Jackson), no state presently has an operational statewide land use plan. This conclusion is supported by the Council of State Governments, which is presently considering recommending legislation pending in the Washington State Legislature as a model for other States to follow in building a legislative foundation for statewide land use planning. In the past, comprehensive land use planning has been accomplished for regions and counties within many of the States, but not on a statewide basis.

Since several categories of Federal grants are dependent upon acceptable individual resource or function plans, state planning efforts have been directed toward meeting these requirements. Examples are statewide transportation plans, water resource plans, and recreation plans.

TRANSPORTATION CORRIDORS

Mrs. HANSEN. Going a bit further, as you work on the problems of pollution and the environment, it's going to be necessary to consider the essential elements of transportation. The corridors which you have mentioned happen to be also vital transportation corridors. We in the West are having somewhat of a struggle with the new RailPAX on the corridor from San Diego to Vancouver, British Columbia. We can foresee that as the population density increases and traffic increases that there must be some determination as to what corridors of rail service are available.

Eventually people are going to have to be thinking in terms of traveling in mass rather than one person to one car.

It is going to be essential that we have regional transportation development plans with each State participating.

Secretary MORTON. This, of course, would be in the approval process, too. Where the Federal Government approved plans, they would be approved on a regional basis, obviously. If we don't determine the corridors now and the highway interchanges and the location of health facilities and many other elements of the basic infrastructure, we are going to have the kind of hodge-podge growth in this country that we can't service from a government point of view.

Mrs. HANSEN. If you don't have planned growth it will be almost impossible to live.

Secretary MORTON. We just can't live with it, so we have to do it.

ALASKA NATIVE CLAIMS ACT

Mrs. HANSEN. Mr. Secretary, I think the committee would be interested in knowing the status of, and we understand that many things are at a standstill now, partly through congressional action or partly through departmental problems, on the plans you have formulated to date on the Alaska Native Claims Act.

Secretary MORTON. We have a bill in, or if it's not in it's about to be introduced, which is a bill of the administration's position. As you know, the Jackson Bill has been reintroduced in the Senate and there is a bill, I understand, introduced on the House side by Chairman Aspinall of the Interior Committee.

Our position is that we want to move ahead with the solution of this whole Alaska Native claims problem so that the air can be cleared of this obligation and claim and then we can move ahead with some land use plans and some developmental plans and some conservation plans for Alaska. But until the Native claims issue is settled, there is a cloud on almost anything you try to do in Alaska.

Mrs. HANSEN. Is there complete unanimity now in Alaska between the varying Native groups?

Secretary MORTON. No. But I think if we strip the word "complete" out of your statement, it's a question.

Mrs. HANSEN. Is there some degree of unanimity?

Secretary MORTON. There is great pressure there among the Native federation, individuals and leaders, to do this. I am sure there are some differences of opinion and some different ideas. Basically I think we are all in the ball park now. We are trying to move this thing ahead.

TRANS-ALASKA PIPELINE

Mrs. HANSEN. Mr. Secretary may we have your comments on the status of the Trans-Alaska pipeline. As you know, this committee has been responsible for providing the funds for research that would enable you to develop the knowledge so that there is no repetition of oil spill damage.

Also have you devised a formula on how the costs of protecting the environment would be assessed? This committee's directive, I think

very plainly, to the previous Secretary, was that if there were costly ecological deterrents that these costs should be borne by the industries involved. Has a determination been made?

PIPELINE HEARINGS

Secretary MORTON. I am going to ask Frank to give you some cost figures but before I do I would like to say the timing on this perhaps is a little awkward for me because we are just in the process of reviewing the public hearings that were held here in Washington and then again during this past week in Alaska.

I am also in the process of reviewing all of the work that the Government has done in the various agencies in connection with this project. Some work has been done in the Department of Transportation, a great deal of work has been done, of course, in our own Department.

There has been some work done in the Office of Management and Budget. We are bringing all of that together in an effort to see how complete it is and what further effort should be made to protect all of the interests involved.

CANADIAN PIPELINE ROUTE

At the hearings in Washington, one Canadian testified, a Member of Parliament, but he testified as an individual citizen concerned about possible oil tanker spills. He discussed the Canadian route without any reference to the political problems involved and, of course, there always are those when you deal with a foreign country, but such a route would eliminate the necessity of a tremendous maritime operation.

Mrs. HANSEN. That would eliminate the Valdez?

Secretary MORTON. Yes, the Valdez to the west coast maritime operation.

Mrs. HANSEN. How does it affect the city of Seattle?

Secretary MORTON. This has to be determined. That is the reason why I want to see what work has been done in this area.

Mrs. HANSEN. Exploring the proposed Canadian route, Mr. Secretary, do they propose to use the same type of construction through their permafrost as has been proposed across Alaska?

Secretary MORTON. It would have to be completely environmentally compatible. Their long-term environment is part of our environment. The whole question of protection of ecological environmental values I don't think is what we are dealing with at this point. We all kept that as a stipulation—this has to be done.

Mrs. HANSEN. That is right.

Secretary MORTON. But the oil companies themselves, I think, should take another look at the whole project because, as I understand, the costs have escalated considerably since the original plan was developed and, therefore, the economics of this pipeline should be reevaluated.

MEETING WITH OIL COMPANIES

I intend to meet with the oil companies after the petroleum council meets tomorrow. I will meet with them and rehash and review the entire problem so that we enter this very serious program with all of

the work done and the decisions that are finally made should be based not on momentary emotional hysteria but on the long-term best interests of the country, getting all of that together, and, hopefully, in the next few months we can bring these decisions into being.

CANADIAN PIPELINE ROUTE

Mrs. HANSEN. Do you wish to provide for the committee the proposed Canadian route?

Secretary MORTON. We haven't received any yet. There is no definite proposal from Canada yet. There are several different proposals that various individual Canadians have, and I think that unless we could provide a concrete proposal that had Government status in Canada it could be a little illusionary.

Mrs. HANSEN. Would you have some difficulties with their Provincial Governments and the Canadian Government on the proposed plan?

Secretary MORTON. It is very complicated.

Mr. WYATT. I assume, Mr. Secretary, you mentioned that Canadian development just to illustrate the proposition that you have a number of alternatives.

In other words, you are examining carefully the whole picture rather than being committed to a predetermined position?

Secretary MORTON. Yes; not particularly for the Canadian proposal or against it. I think if there is one we ought to look at it.

Mrs. HANSEN. I think the committee understands you are presenting an overall purview of the status of the pipeline. It isn't a matter of asking you to determine policies before us today, because the committee will be hearing the details as we have the individual bureaus testify.

Secretary MORTON. Of course, the whole idea of the route of the pipeline is much more than a Department of Interior program, and we are interested in the element of the environmental impact and other considerations.

As a responsible citizen, I believe this whole thing should be reviewed.

Mrs. HANSEN. You also have the problem of Alaskan Native claims and the State land claims. One of the significant things the committee is well aware of is the lack of knowledge on your land survey program. Statuswise you are not very far along.

Mr. MCDADE. I think you have taken the right approach, Mr. Secretary, and I am glad you are not being stampeded or pushed on any kind of a judgment on this. I am glad you are going to take your time. Is there any proposal pending to move the oil by ships? Is the pipeline pretty well the only method?

MOVEMENT OF OIL BY TANKER

Secretary MORTON. There is a new concept being offered by a group of very able people. They have developed a concept for a tanker which is a combination of submarine and surface ship, if you can visualize that.

Such a tanker would have the underbody under the ice and a very narrow ice-cutting device between that and the superstructure. A good many maritime experts are now looking at it.

So that concept, though it may be a decade downstream, is one that is being reviewed by people in the Department of Transportation and other people in with maritime interests.

I think the one thing we do recognize is that we have got to figure out a way to connect this oil with our marketplace. The timing of this is one consideration, the efficiency of it is another consideration.

But I believe for the good of the country and for the development of the country we can't consider this reserve a real reserve unless we devise a means of using it at some point of time and devise a means of connecting it to our marketplace. That is the reason I am taking such an interest in this.

STATUS OF OIL AND GAS SUPPLY

I would hasten to add that I think really there is not available in this country today an up-to-date long-range worldwide total energy requirement study of the kind that we ought to have in order to plan.

Obviously, we will bring everything we have, particularly regarding the use of oil, where there is a good deal of information when you hear the testimony of the Office of Oil and Gas.

Mrs. HANSEN. Thank you very much.

Mr. Obey, do you have a question?

Mr. OBEY. No.

Mrs. HANSEN. Mr. Galifianakis?

Mr. GALIFIANAKIS. No questions.

TAPS USER COSTS

Mrs. HANSEN. Do you plan to divide the cost for protection of the environment among the users?

Mr. WILES. We are keeping the costs separate in light of instruction from the company. We will be in position to bill the company or whoever it may be at the time a permit is given. I have a statement of what we have had to date in 1970, 1971, 1972. I will put it in the record.

Mrs. HANSEN. What is the total?

Mr. WILES. In 1970, we had a total available of $2.931 million, 1971, $3.750 million, and 1972, in this budget, $3.782 million. We are keeping these costs separate, Madam Chairman.

Mrs. HANSEN. When the State of Alaska achieved statehood it found itself with a tremendous number of fiscal problems, then along came a sort of "boom or bust" economy.

Now Alaska finds itself temporarily in a rather dismal fiscal picture. I think, Mr. Secretary, there is no one more aware of the difficulties than you are.

INDIAN SCHOOLS IN ALASKA

For example, this committee wanted to begin the integration of the Indian school system in Alaska by providing the dormitory space for the youngsters to live in while attending the public schools of Alaska because boarding facilities are necessary if an Indian youngster is going to attend public schools.

However, there is now some question whether Alaska can successfully provide its share of these costs.

I hope you are exploring the various avenues to meet these needs.

I will be perfectly frank, our Indian schools are one of the most important issues at stake, but for them to achieve complete integration many more classrooms must be provided than are to date available. It will be quite a sizable cost. This committee is willing to participate, as you know, in providing those classrooms.

But even with this committee's participation all the needs cannot be met for several reasons.

I wonder if the Department is addressing itself to working with the State of Alaska on their needs?

Secretary MORTON. The answer is in the affirmative. Of course, the whole concept of the native claims issue addresses itself to this and the utilization of the funds that are accrued as a result of settlement of the native claims in the areas of education and development which we are all interested in.

There is no doubt about it, Madam Chairman, we are going to have to see what the schedule of revenues are for the State of Alaska, see what their requirements are, and I don't think this country or this Congress or this administration would, on a short term or fiscal difficulty, deter the educational process we need there. So we are staying right on top of it.

Mrs. HANSEN. Good.

OCS LEASING AND DRILLIING

Mr. Secretary, may we have your comments on the status of the offshore oil leasing program. This bears a particular relationship to the land and Water Conservation Fund, inasmuch as oil receipts are used through this fund to acquire land.

Secretary MORTON. I don't know whether I can really do that at this point in time, Madam Chairman. We have got some divergent points of view.

Mrs. HANSEN. Are you reviewing this program?

Secretary MORTON. We are reviewing it and we have some serious problems in this whole area, for example in the Santa Barbara area. We will look and see if we can resolve it. I don't think I should lock myself into any policy position yet.

Mrs. HANSEN. I understand.

OCS INSPECTION SERVICE

Mr. Secretary, are sufficient funds being requested in the Geological Survey budget so that there can be stepped-up information and research? Also does this budget adequately reflect the number of inspectors which are needed both in the Gulf and on the California shore.

As you remember, last year the budget didn't reflect an adequate number of inspectors and additional funds had to be provided in the supplemental appropriation.

Mr. WILES. For systematic geological mapping of the Continental Shelf in 1972, we are asking for $1.510 million. That is $200,000 more than we had in 1971. And for lease management on the OCS we are requesting $3,313,000; which is $272,000 more than is available for 1971.

VITAL NEED FOR DRILLING DATA

Mrs. HANSEN. I am determined that enough funds are provided so that the Federal Government has as much information as private industry. It isn't fair to the Secretary of the Interior or to the people of the United States if adequate knowledge is not developed on protecting the environment from oil spills and to improve leasing methods.

Secretary MORTON. I am not sure whether we are dealing with apples and oranges. Do you mean whether we should sell leases or how we manage them afterward?

Mrs. HANSEN. No. Before you lease at all it is this committee's contention, and I think the committee is unanimous, that the Federal Government should have as much knowledge of the terrain, the oil resource, and the difficulties that are involved, as those industries who may be bidding for the oil.

Secretary MORTON. I am with you.

Mrs. HANSEN. This committee thinks it has been very, very unfair that the budget structure hasn't given the Secretary this knowledge.

Secretary MORTON. But you are not intending we go into the exploratory drilling business?

Mrs. HANSEN. No. But that you have all the geological information that should be available to every good geologist in the United States.

Mr. HITE. Madam Chairman, we would defer to Dr. Pecora's technical judgment but we are certainly in a better position fundingwise than we have ever been. Because of your assistance last year, Madam Chairman, we think we are in a good funding position.

Mrs. HANSEN. That is the first critical area.

The second critical area is to make sure you have enough inspectors both on the Gulf and west coasts.

Mr. HITE. I understand.

INDIAN SCHOOL FUNDING

Mrs. HANSEN. Year after year this committee is faced with the problems of inadequate Indian schools. Mr. Secretary, I have taken the opportunity to visit most of the Indian schools from Alaska to Philadelphia, Miss.

There is great interest today in completely integrating the public schools.

I am going to be very blunt, you have problems of discrimination. I found in two areas that the people of the communities wanted "the Indian school", so they could sell them milk, lettuce, and other goods, but they did not want the Indian children in their schools.

So this is one hurdle, that will be very difficult to overcome.

Because of water, roads and great distances, it has been necessary to construct Indian boarding schools in the areas where it is not possible for the Indian children to attend public schools.

BIA SCHOOL SURVEY

The BIA is now in the process of developing a survey of the public schools that are available to the Indian children so that an adequate boarding school program can be implemented.

This committee has taken a dismal view of paying large transportation costs to transport youngsters from Alaska to Oregon because of an improperly planned boarding school system. We think the travel funds can be better spent in their schooling.

When a boarding school is built it should provide the kind of recreation that these youngsters need. The schools should provide youth centers so that kids have a place to meet. I would urge that the BIA proceed rapidly on this survey so that funds will be spent wisely and provide better facilities with the kind of facilities that the kids need.

Secretary MORTON. I certainly will urge them to complete the survey.

I think the whole problem of Indian education, though, has got to be reviewed because there are those who don't believe that the boarding school is the way to go, and there are those who think it should be improved and upgraded.

I think what we have to determine to help you make a decision, is what the foundation of these opinions really is, and what is the best way to go. That is what we are trying to do.

NAVAJO SCHOOLS

Mrs. HANSEN. In the Navajo country there are a great many schools, part of them day schools and part of them boarding schools. Some could be consolidated with the public school system. There are many problems and they will continue to exist until the BIA develops some answers.

You have certain locations in which there is inadequate water for the day schools. It would take a network of roads, steppedup construction in some of these areas even to handle school busses.

Indian youngsters often have to walk 2 and 3 miles to their home after they get off a school bus.

An Indian health service doctor told us that 1 year ago two or three youngsters had frozen to death on the way home from a school bus.

We are feeding about 50,000 Indian youngsters in your schools. For some youngsters this is the only nutrition they receive. At one day school I visited, some of the children's mothers left for work before the children left for school. The school provided breakfast and lunch. On this committee's urging, you are now providing food in the afternoon before the children go home because many mothers do not return from work until after 9 o'clock at night and no youngster should have to wait until 9 o'clock for food.

Mr. Secretary, the committee would like you to stress to the BIA the necessity for a complete evaluation so that these pressing needs can be met.

GRAZING FEES

Do you have any comment on your grazing fee policy?

Secretary MORTON. This is part of a schedule that started some time back. It was done before I got on board.

It is a difficult problem. What we are trying to achieve is equity here as to what the forage is worth. I think again this whole matter has to be reviewed. I know there are many Members of the Congress that are concerned about it.

We are on a schedule of escalation, you know, which required, I think, 10 consecutive steps of increase in the grazing fees. Then there was this 1-year moratorium and we are back on the schedule again.

I would have no reason at this point in time to recommend a change in the schedule. However, I understand the problems that increased grazing fees incur in the areas where they are important to the community. I am trying to get some economic studies made so that we can make a better judgment as to how we should go in the future on the grazing fees.

But I think long range the decisions to bring the grazing fees into line with actual values is the right one for the country.

You have some serious problems here because the value of a ranch itself is very importantly affected by the permit.

Mrs. HANSEN. That is right.

Secretary MORTON. I think we have got to be awfully careful here that we don't exercise too much of a hardship on this industry which is a vital thing to the development of many areas in the West.

POLLUTION ABATEMENT ACTIVITIES

Mrs. HANSEN. Please insert in the record at this point a tabulation of the activities in Interior's budget that directly relate to pollution abatement and the amount provided for each activity.

Mr. WILES. We will put that in the record.

(The information follows.)

F.Y. 1972 Estimates for Pollution Control and Abatement

Bureau	Amount (In Millions)	Field of Activity
Bureau of Land Management	$ .6	Soil and water conservation; and sewage systems
Bureau of Indian Affairs	.6	Installation of approved incinerators
Office of Territories	.7	Guam sewage treatment plant
Geological Survey	2.8	Alaska pipeline studies; Outer Continenta Shelf monitoring and surveillance
Bureau of Mines	16.4	Reducing pollutants in use of fossil fuel and internal combustion engine, and in liquid effluents from mineral processing plants
Office of Coal Research	20.1	To allow use of coal for energy purposes without pollution
Bureau of Sport Fisheries & Wildlife	6.4	Construction to control pollution from federal facilities
National Park Service	17.6	Construction to control pollution from federal facilities
Office of Water Resources Research	2.5	Innovations of techniques and improvement of methods for treatment of waste water and the disposal of the wastes
Bureau of Reclamation	.6	Protect quality of water resources
Total	68.3	

GOVERNMENT INSTALLATION POLLUTION

Mrs. HANSEN. Have you any overall comment on pollution abatement facilities under the Department of the Interior's jurisdiction?

Secretary MORTON. My comments are very simple.

We must make sure that we are successful in this program of getting our own house in order. What I am going to do is set up sort of a check system so every quarter at least we would have a complete review of where we are going and how effective the programs are and be able to report periodically to the Congress and to this committee as to how we are doing.

Mrs. HANSEN. Very good.

This committee handles the funds for about 750 million acres of Government land, a third of the total acreage of the United States of America.

We discovered last year that of all things in the reserve were funds appropriated for pollution abatement in the national parks.

It is to prevent this from occurring again, we ask these questions.

EFFECT OF EXECUTIVE ORDER

Secretary MORTON. If I may add one thing, we are under an Executive order to have our contracts let in this area by December 31 of this year. So we will be able to give you a good review, I think, as we go along.

Mr. WILES. We came up last year as you remember for a supplemental which this committee granted for Sport Fish and the Park Service to plan this facility and the construction money is in this budget. So with the help this committee has already given, we hope to meet that schedule.

Mrs. HANSEN. It is a sad thing to see our own lands being undermanaged because of inadequate funds.

ENVIRONMENTAL PROTECTION PROGRAMS

Mr. Secretary, may we have your overall comments in regard to the Department of Interior's environmental protection activities?

Secretary MORTON. First let me look at it in the long term.

The land use planning concept that is being developed that will provide an incentive for the State, to come up with land use plans which will involve set-asides in environmental protection programs, and greenbelt open space concepts of various kinds in the long term, is a very basic system of environmental management that we must adopt and come to, if we are going to have any kind of orderliness in the environment.

The Department is the lead agency in the land use planning program that has been sent forward.

In the short term, the matter of oil spills and the like, we are getting a little bit out of our field now, and this is being done primarily by other agencies with whom we are working.

The Coast Guard is doing a lot of work in this area.

The research that is being done is primarily being done in other agencies. Although we have some expertise in this, I am frank to say,

as of today, the technology of picking up spilled oil is very primitive. The best technology is today just the simple process of using a forage such as straw. Hopefully the way out of this is obviously to prevent the spill in the first place.

But we have to have better ways and means of picking it up, because there is always going to be some human error. I guess we will never be able to legislate it out.

MARITIME OIL SPILLS

Mrs. HANSEN. Mr. Secretary, are you working with the Transportation Department on the oil spill problems?

Secretary MORTON. I am working as a member of the domestic council. We don't have an on-going interagency oil-spill program with them, but we are being apprised and they are being stimulated by our Fish and Wildlife people, as to the environmental dangers of oil spills.

OIL TANKER QUALITY AND DISCIPLINE

So there are many aspects of this that have to be addressed—the whole question of tanker quality and tanker discipline.

Mrs. HANSEN. Also tanker size?

Secretary MORTON. Size may not be as much of a factor as quality. We have a lot of rust buckets in the fleet. I am trying to keep such quality standards for tankers that can enter the Chesapeake Bay. We don't always get that job done, I find.

PAYMENT OF OIL SPILL EXPENSE

Mrs. HANSEN. One problem that directly relates to this is, who pays for the damage that is caused by oil spills?

Mr. WILES. I am not sure, Madam Chairman.

I would like to check this out with Dr. Pecora. I believe this also comes under the Coast Guard now, and I think the cost is to the oil company or lessee at whose platform a spill occurs.

Mrs. HANSEN. Does any member of the committee have a question at this point?

OIL DRILLING CONTRACT STIPULATIONS

Mr. YATES. I want to ask one question relating to the last point you raised, Madam Chairman.

That is, do your contracts with your lessees for Continental Shelf drilling require them to make payment to the Federal Government for any accidents that may take place?

Secretary MORTON. I will have to check that. I think they operate under rules that may cover that, but I will have to get Dr. Pecora to answer that precisely.

(Discussion off the record.)

Mr. YATES. You don't know now then whether your leases provide for insurance protecting the Government or the areas where the oil is likely to drift? That will be part of the material——

Secretary MORTON. We can get that spelled out, I am sure.

I think the point the chairman raised is that this matter may be in court. We had better check that.

Mrs. HANSEN. I think it is important to the visitors here today to understand the committee does not attempt to influence the courts in any way.

Mr. YATES. My question was not addressed to any question in court but only to the procedures of the Government and its lessees.

Mrs. HANSEN. The terms of the leasing will be discussed at the hearing with Geological Survey and the Bureau of Land Management.

Mr. Obey.

ADDITIONAL OIL LEASES

Mr. OBEY. Mr. Secretary, I frankly was not pleased when the Department granted more oil leases in the Gulf this December. I don't remember if that was before or after you came on.

Secretary MORTON. Sold the leases in the Gulf?

Mrs. HANSEN. It was prior to his being appointed Secretary of the Interior.

Mr. OBEY. In light of some of the things you said this morning about our primitive technology in cleaning up after an oil spill, do we really have any business at all leasing more of that area in the Gulf until our technology is at a better level than everyone admits it is right now?

OIL SPILLS AND LEAKAGE DECREASING

Secretary MORTON. I think this is a matter of judgment. Actually if you look at the whole history of offshore drilling and the amount of oil that has been brought into the marketplace from the offshore rigs, you will see that the amount spilled as a percent of the total is very small.

I think our technology has advanced a long way in the area of preventing spills. New valves have been developed and new devices have been developed. Still there have been accidents, and I guess as long as we are doing this there will be accidents in the future.

But as a percent of the total oil developed, the leakage and spillage and accidents is constantly on the decrease.

The question is, where do we get the oil and where do we get our energy? This question I guess has to be answered as part of your question. I would hope we would be able to develop oil drilling as environmentally safe as any other industry we have.

We have environmental problems with nearly everything we do in the field of transportation, energy development, energy processing, and thank God we have reached a time in our history when we are willing to address ourselves to this and begin to recognize we are going to have to pay the environmental cost that is going to be a part of the price of energy or a process of any kind.

We are working on a better development, a better technology for picking up oil that has been spilled. Here again you could get into a rob-Peter-to-pay-Paul situation by using chemicals and various other devices that in themselves have an adverse environmental impact.

So I guess what we are doing is moving ahead on all fronts in this area, but I don't believe that we could afford as part of a national energy policy to discontinue the development of the offshore oil resources.

Mr. OBEY. Mr. Secretary, I don't think anybody, at least any responsible person, feels you can forevermore prevent development of those

offshore oil areas. But it would seem to me at least for a short period of time, 2 or 3 or 4 years, until we——

Mrs. HANSEN. Would the United States be able to function without power sources?

Let me explain the problem. I think the Secretary would agree. You cannot find the answers to eliminating the pollutants until enough funds are provided for research.

I think we have to be directly concerned in providing the Secretary sufficient funds so that he and his Department have the knowledge on eliminating pollution before leasing permits are granted and drilling begins.

Mr. YATES. Can we provide him with the funds if the Bureau of the Budget doesn't?

Mrs. HANSEN. Certainly.

SAFETY ATTITUDE IN OFFSHORE DRILLING

Mr. OBEY. I have had an exchange of correspondence with your Department in December over this question, Mr. Secretary, and one of the statements made in a letter I received from the Department was, "There is now a new safety attitude by industry toward off-shore operations."

In light of that feeling within your Department, are you satisfied that all of these companies are now in their drilling operation living up to the letter and the spirit of the regulations involved?

Secretary MORTON. Oh, we are never satisfied. We always search for better standards in everything we do. I think the oil companies have a very clear understanding of where I stand in this matter of safety. They are composed of human beings. I think their feeling in this is very strong, though. They have a political constituency just the same as anyone else does, and I think their bad experiences have been happenings from which they learned.

I can say their general attitude toward safety, not on the protection of the environment but the safety of the workers and people themselves involved in the process is at the highest level it has ever been.

I kind of relate it to the aviation industry with which I am pretty familiar, being a pilot. We have constantly put more and more backup systems in airplanes, and we give the pilot more and more tools to work with in his safe conduct of the machine.

But in spite of all of that we still pick up the newspapers and read of accidents in this area. But when you look at the improvement that has been made in relationship to the total number of passenger miles and flying hours it has been remarkable and the safety record has been a tremendous thing. I think the safety record in offshore oil has been constantly moving ahead, and I think the trend is right. Nobody is ever satisfied. We are never going to be satisfied. That is what moves civilization ahead—being not satisfied with things as they are, the status quo.

I would assure you that I am going to push hard in this area because I feel a very definite responsibility for the Department, particularly in the protection of the environment in this area.

Mrs. HANSEN. Mr. Galifianakis.

Mr. GALIFIANAKIS. Since we were on the problem of ecology and environment and the Secretary made reference and endorsement of the new Department of Natural Resources, it has occurred to me we are going in so many directions and developing even more overlapping jurisdiction right here in Congress.

Recently our distinguished chairman assigned the jurisdiction of the Environmental Protection Agency to the Agriculture Committee.

JOINT COMMISSION ON THE ENVIRONMENT

We each have our own interests in eliminating scars from the environment. I was going to elicit an opinion from the Secretary as to the usefulness of a piece of legislation which we treated in the last session and which I think the Secretary supported as did most of us. It was the Joint Commission on the Environment which would have been made up of Members of the Senate and Members of the House and perhaps include members of the administration whose responsibility would be to devise the overall blueprint for the approach to all of environmental problems and perhaps to assign specific jurisdiction.

We have the responsibility of putting up the money. I think the Secretary is in a unique position now to see the gap between the administration, between the legislative branch and between the various agencies and bureaus.

Do you think the environmental approach would be helpful at least from your vantage point?

Secretary MORTON. I think one of the solid bridges across those gaps has been the Council on Environmental Quality. This organization has addressed itself totally to environmental management, particularly as far as the executive branch is concerned, and in proposals for the consideration of the Congress.

As far as a joint commission or a joint committee is concerned, this will be a congressional matter. I certainly would not oppose it. The warning that I would raise is that everybody seems to, at this point in time, want a piece of the action as far as the environment is concerned, and all the agencies of the executive branch are concerned in this area and they should be concerned.

We must make sure that the environment and the quality of the environment does not get into politics. This is a thing that we, I think, must avoid.

The protection of the environment is universal, it is not a Democratic or a Republican responsibility, it is a total responsibility. My only fear is that in the establishment of more and more organizations, which address themselves to the quality of the environment, we run the risk of getting sort of a political attitude developed that might, in the end, come back to haunt us.

Mr. GALIFIANAKIS. I think that is true in any instance where you are involved in Government. The word politics is almost a necessity.

Mrs. HANSEN. The committee will adjourn until 2 p.m.

OFFSHORE OIL LEASES

Mrs. HANSEN. Mr. Secretary, have you granted any recent oil leases on the Santa Barbara Channel?

Secretary MORTON. No; we have not made any recent leases in the Santa Barbara Channel. We are in the process of developing a 102 statement for two exploratory operations but those are not in the 20-lease area.

Mrs. HANSEN. In other words, you are not at the present time granting any oil lease until you have a chance to review the entire situation?

Secretary MORTON. That is correct; we are in the process of reviewing it right now and we are up against the gun on it.

Mrs. HANSEN. Will your recommendations be released when the result of the review is completed?

Secretary MORTON. Yes. I would like to add for the record we have conducted a set of public hearings out there which was a commitment made by the previous Secretary, and the statements and viewpoints stressed there are being reviewed also.

Mrs. HANSEN. I trust this committee can have a copy of the hearings once they are ready?

Secretary MORTON. They are public hearings; there is no reason not to.

One other point. This matter was before the Congress last year. The Congress was silent in both Houses on the matter.

Mrs. HANSEN. You mean Congress was silent on something?

Secretary MORTON. They didn't act on the legislation. So I guess we are again up against developing a policy about where we are going to go and how we are going to finance what we do as far as the 20-lease area is concerned. It may be a bigger area than that.

Mrs. HANSEN. That is why I wanted to be meticulous in my questioning this morning about providing adequate funds for research, inspection, and personnel, so that you are thoroughly prepared. Please insert in the record an inventory of the energy needs of this country as of 1972.

Secretary MORTON. These are current figures?

Mrs. HANSEN. Yes.

Secretary MORTON. We will do this by region and types of fuel being used.

Mrs. HANSEN. That will be fine.

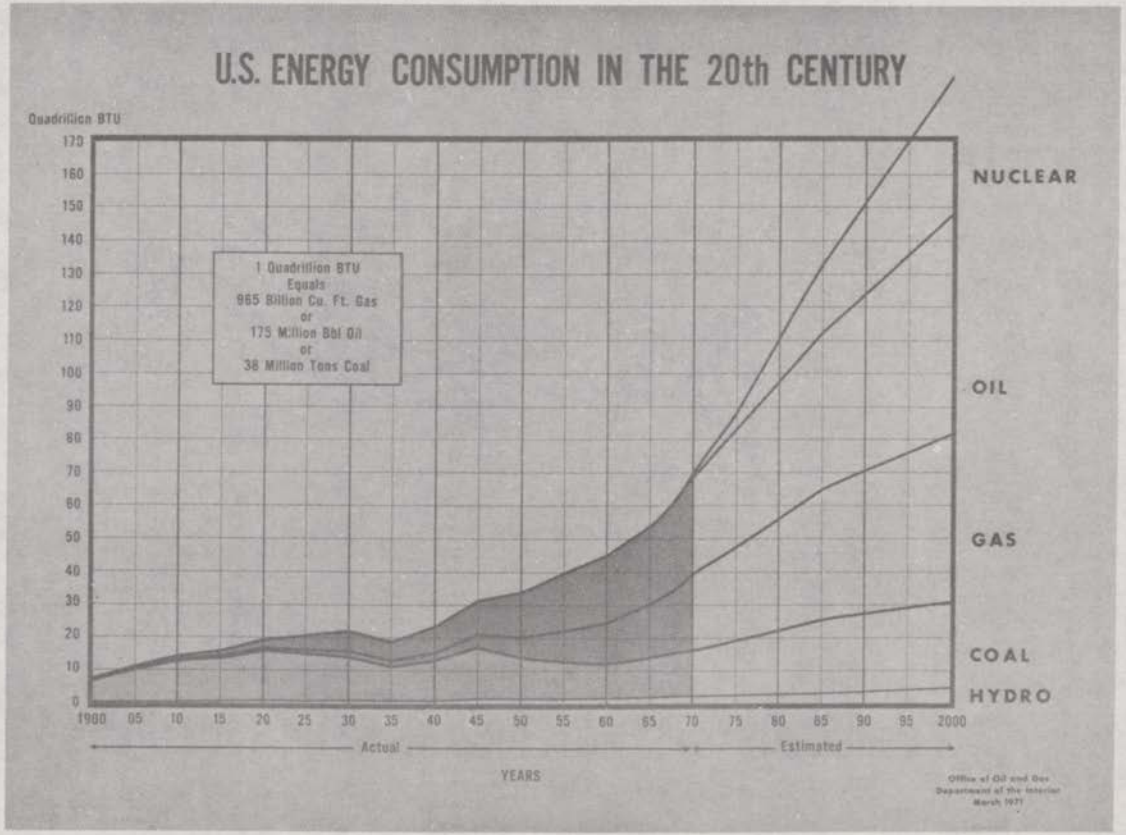
Secretary MORTON. It will give you a coal, oil, gas breakdown. These will be current use figures.

Mrs. HANSEN. That is right.

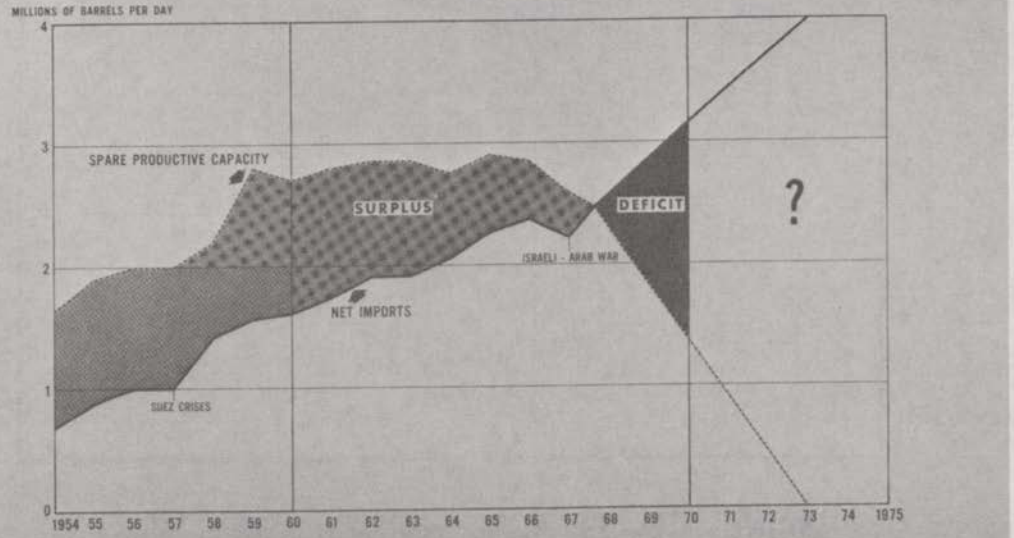
Secretary MORTON. I think if we are going to get into projections, that it is more complicated.

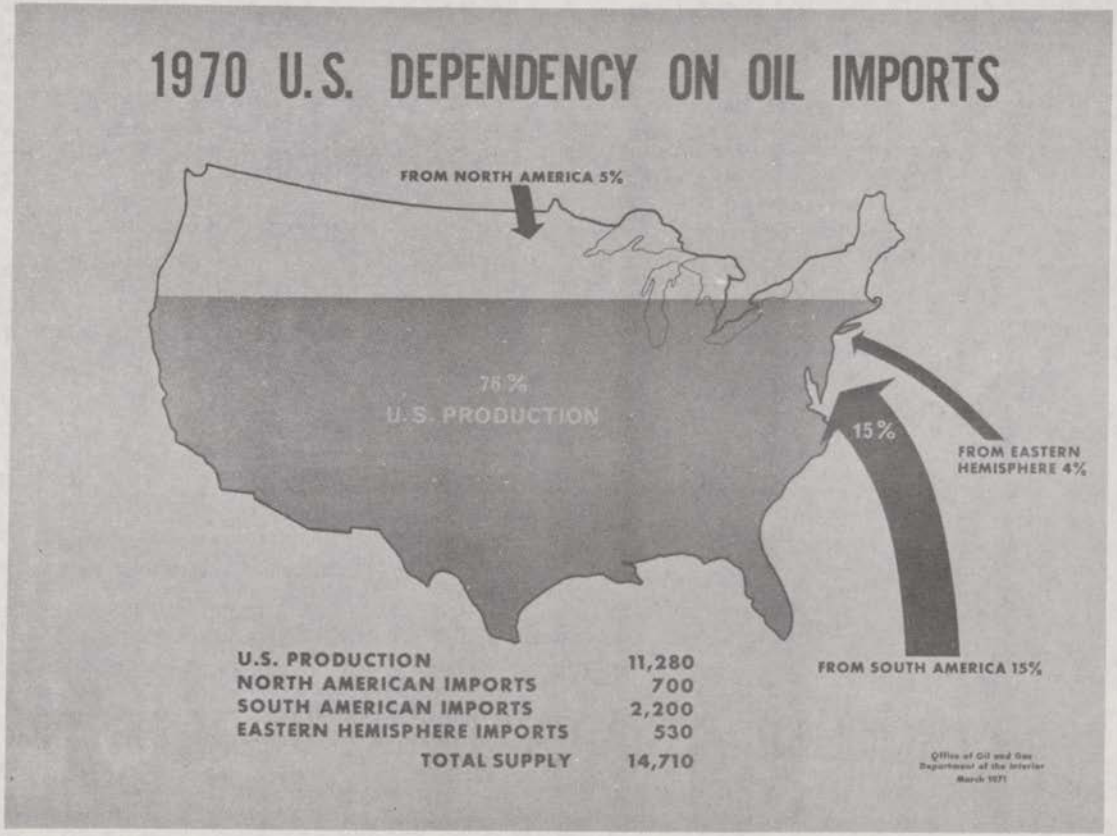
Mrs. HANSEN. The committee will not ask for projections, just the current use figures because this is all we have to measure with at the present time until an evaluation of future need is completed.

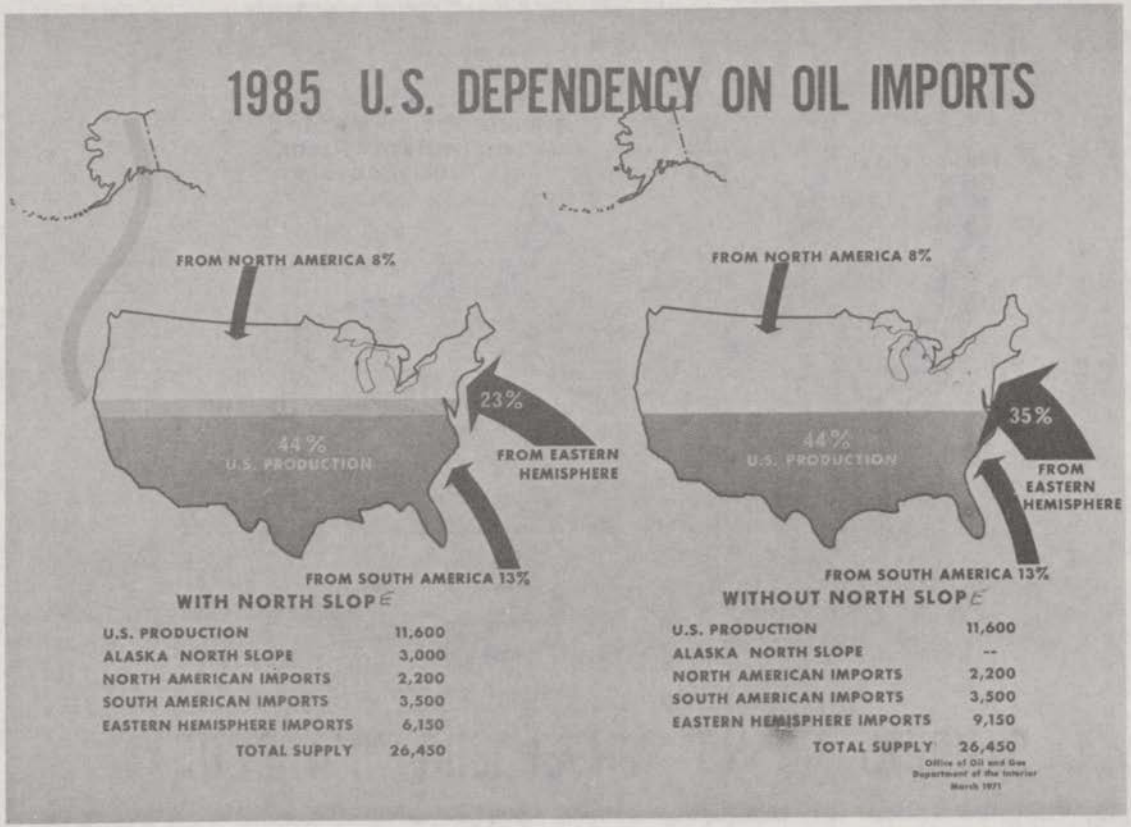
(Information follows:)

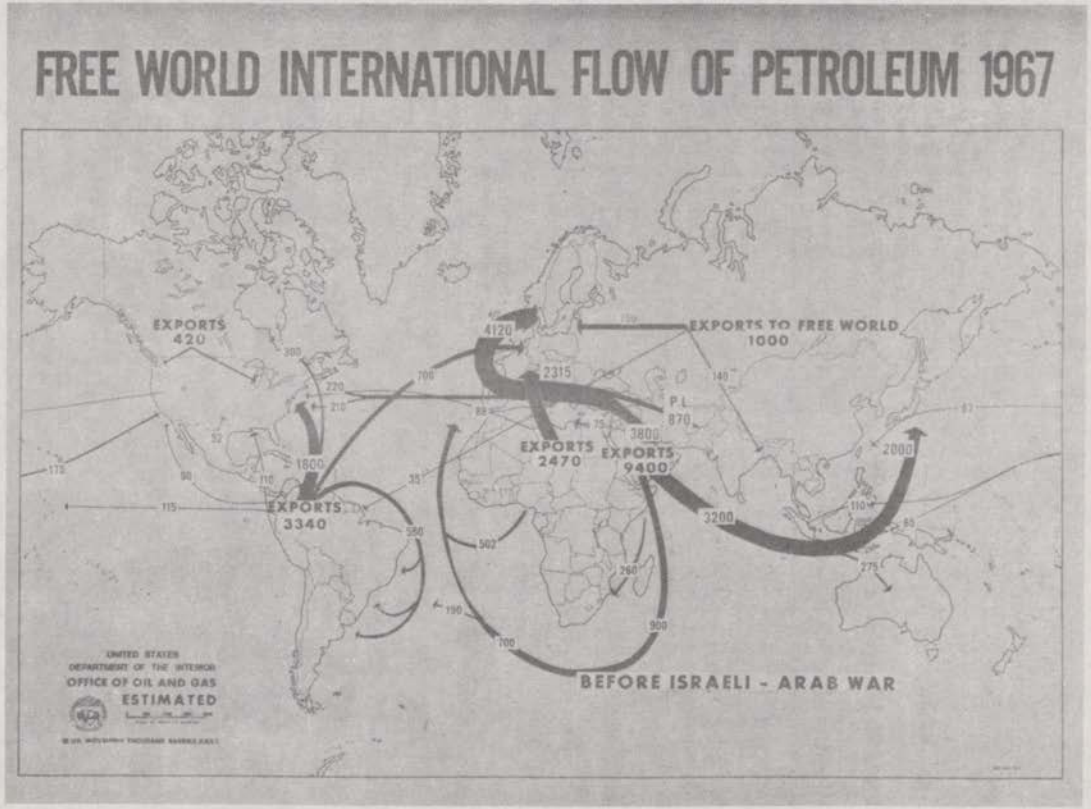

U.S. ENERGY CONSUMPTION IN THE 20th CENTURY
Quadrillion BTU
170
160
150
140
130
120
110
100
90
80
70
60
50
40
30
20
10
0
1 Quadrillion BTU
Equals
965 Billion Cu. Ft. Gas
or
175 Million Bbl Oil
or
38 Million Tons Coal
NUCLEAR
OIL
GAS
COAL
HYDRO
1900 05 10 15 20 25 30 35 40 45 50 55 60 65 70 75 80 85 90 95 2000
Actual
Estimated
YEARS
Office of Oil and Gas
Department of the Interior
March 1971

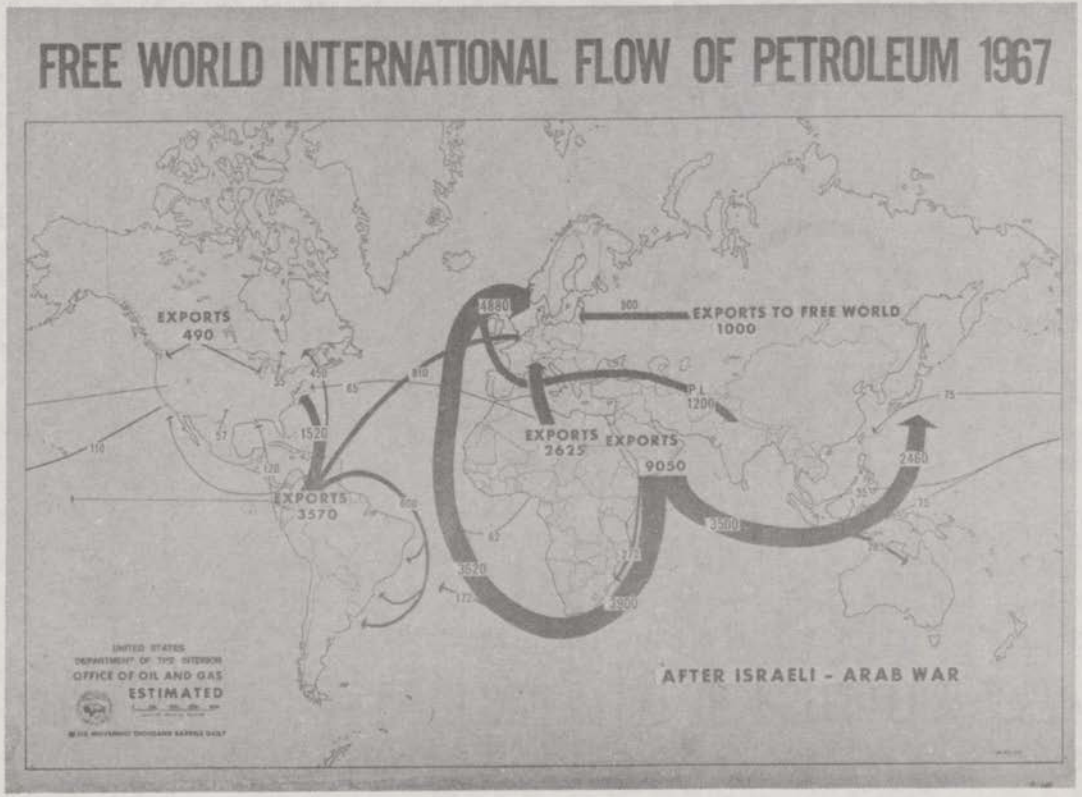
UNITED STATES PETROLEUM SELF SUFFICIENCY
1954 - 1975

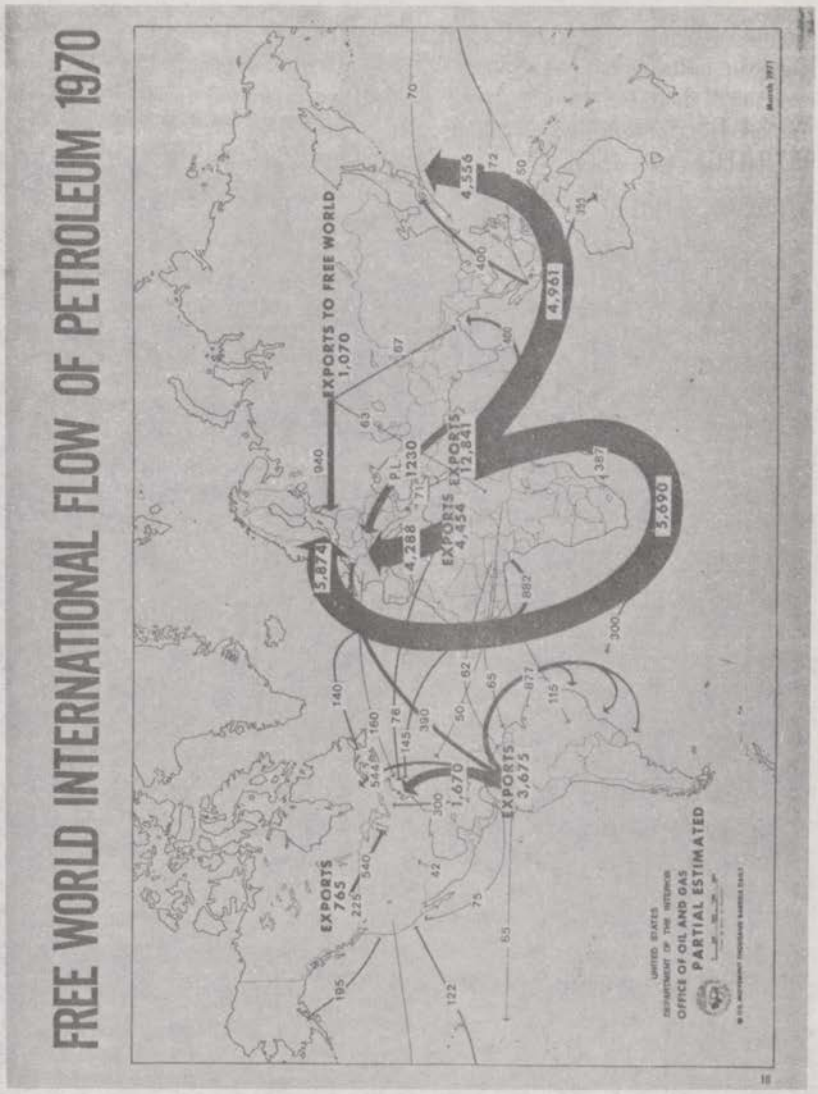


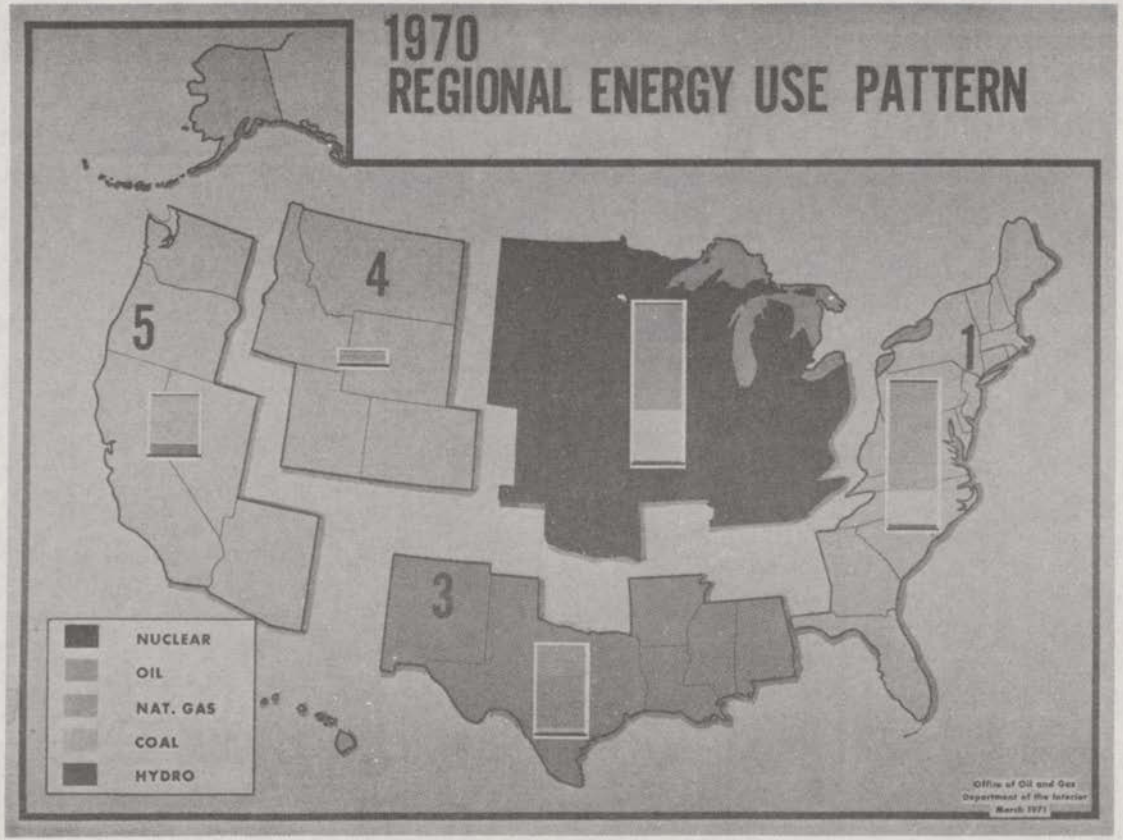

1970 U.S. DEPENDENCY ON OIL IMPORTS
FROM NORTH AMERICA 5%
76%
U.S. PRODUCTION
15%
FROM EASTERN HEMISPHERE 4%
FROM SOUTH AMERICA 15%
U.S. PRODUCTION 11,280
NORTH AMERICAN IMPORTS 700
SOUTH AMERICAN IMPORTS 2,200
EASTERN HEMISPHERE IMPORTS 530
TOTAL SUPPLY 14,710
Office of Oil and Gas
Department of the Interior
March 1971

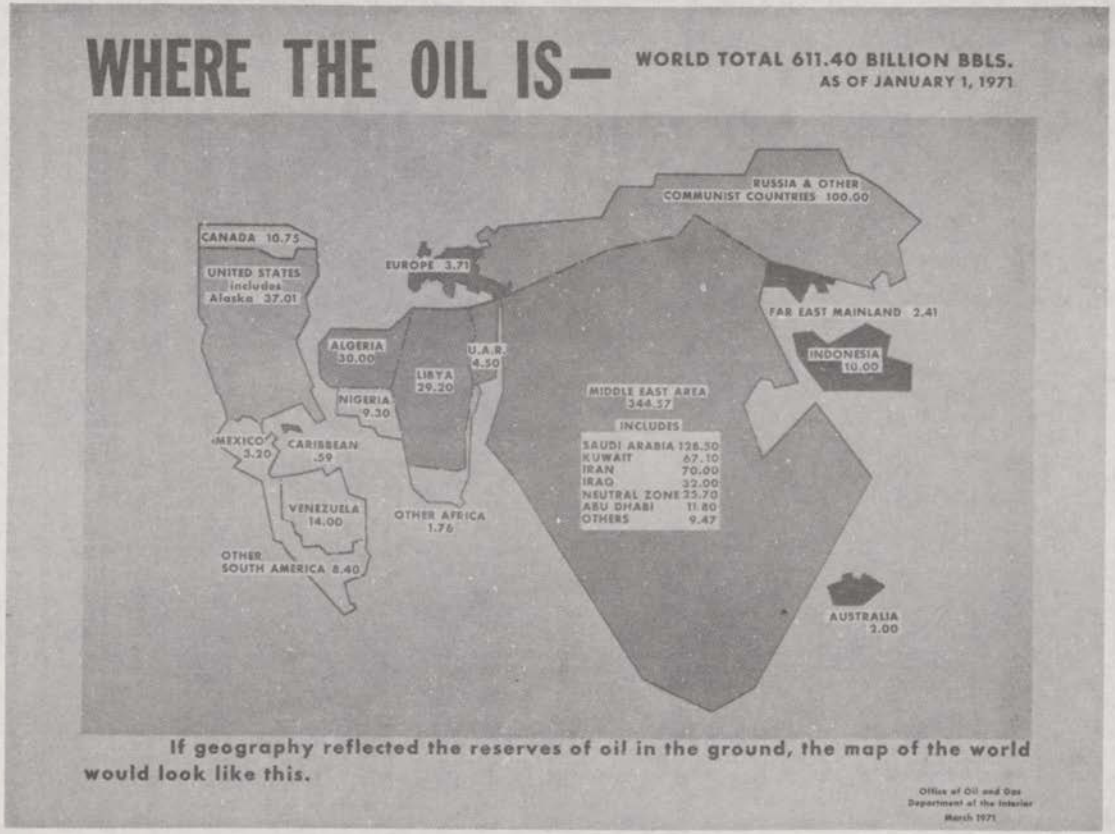

1985 U.S. DEPENDENCY ON OIL IMPORTS
FROM NORTH AMERICA 8%
44% U.S. PRODUCTION
23%
FROM EASTERN HEMISPHERE
FROM SOUTH AMERICA 13%
WITH NORTH SLOPE
U.S. PRODUCTION 11,600
ALASKA NORTH SLOPE 3,000
NORTH AMERICAN IMPORTS 2,200
SOUTH AMERICAN IMPORTS 3,500
EASTERN HEMISPHERE IMPORTS 6,150
TOTAL SUPPLY 26,450
FROM NORTH AMERICA 8%
44% U.S. PRODUCTION
35%
FROM EASTERN HEMISPHERE
FROM SOUTH AMERICA 13%
WITHOUT NORTH SLOPE
U.S. PRODUCTION 11,600
ALASKA NORTH SLOPE --
NORTH AMERICAN IMPORTS 2,200
SOUTH AMERICAN IMPORTS 3,500
EASTERN HEMISPHERE IMPORTS 9,150
TOTAL SUPPLY 26,450
Office of Oil and Gas
Department of the Interior
March 1971

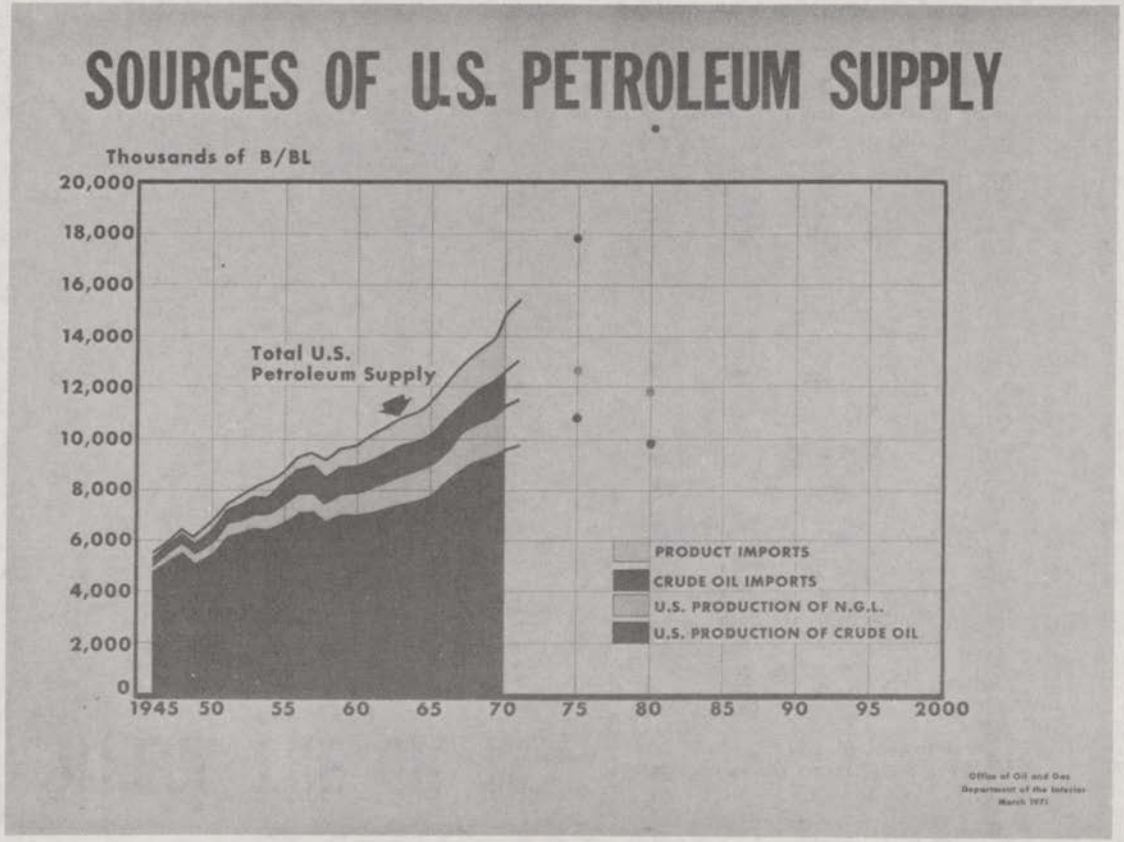

FREE WORLD INTERNATIONAL FLOW OF PETROLEUM 1967
EXPORTS 420
EXPORTS TO FREE WORLD 1000
EXPORTS 2470
EXPORTS 9400
EXPORTS 3340
P.L. 870
4120
2315
3800
1800
3200
2000
UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF OIL AND GAS
ESTIMATED
BEFORE ISRAELI - ARAB WAR


FREE WORLD INTERNATIONAL FLOW OF PETROLEUM 1967
EXPORTS
490
EXPORTS TO FREE WORLD
1000
EXPORTS
2625
EXPORTS
9050
EXPORTS
3570
AFTER ISRAELI - ARAB WAR
OFFICE OF OIL AND GAS
ESTIMATED


FREE WORLD INTERNATIONAL FLOW OF PETROLEUM 1970
EXPORTS TO FREE WORLD
1,070
EXPORTS
765
EXPORTS
1,670
EXPORTS
3,675
EXPORTS
4,454
EXPORTS
12,841
5,874
4,288
5,690
4,961
4,556
UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF OIL AND GAS
PARTIAL ESTIMATED


1970
REGIONAL ENERGY USE PATTERN
1
3
4
5
NUCLEAR
OIL
NAT. GAS
COAL
HYDRO
Office of Oil and Gas
Department of the Interior
March 1971


WHERE THE OIL IS—
WORLD TOTAL 611.40 BILLION BBLS.
AS OF JANUARY 1, 1971
RUSSIA & OTHER COMMUNIST COUNTRIES 100.00
CANADA 10.75
UNITED STATES includes Alaska 37.01
EUROPE 3.71
FAR EAST MAINLAND 2.41
INDONESIA 10.00
ALGERIA 30.00
U.A.R. 4.50
LIBYA 29.20
NIGERIA 9.30
MIDDLE EAST AREA 344.37
INCLUDES
SAUDI ARABIA 128.50
KUWAIT 67.10
IRAN 70.00
IRAQ 32.00
NEUTRAL ZONE 25.70
ABU DHABI 11.80
OTHERS 9.47
MEXICO 3.20
CARIBBEAN .59
VENEZUELA 14.00
OTHER AFRICA 1.76
OTHER SOUTH AMERICA 8.40
AUSTRALIA 2.00
If geography reflected the reserves of oil in the ground, the map of the world would look like this.
Office of Oil and Gas
Department of the Interior
March 1971


SOURCES OF U.S. PETROLEUM SUPPLY
Thousands of B/BL
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
1945
50
55
60
65
70
75
80
85
90
95
2000
Total U.S.
Petroleum Supply
PRODUCT IMPORTS
CRUDE OIL IMPORTS
U.S. PRODUCTION OF N.G.L.
U.S. PRODUCTION OF CRUDE OIL
Office of Oil and Gas
Department of the Interior
March 1971

Secretary MORTON. I will give you one quicky figure.

We are using 15 million barrels of petroleum products a day.

Mrs. HANSEN. As I recall, last year, when the Geological Survey and the Office of Oil and Gas testified before the committee we were using far more oil than our production per year.

Secretary MORTON. We are importing about 25 percent now.

Mrs. HANSEN. Mr. Obey.

OIL CLEANUP METHODS

Mr. OBEY. If I could ask one more question, can you also give us some kind of an idea of how much money is being spent, and on what project, either by the Government or through any other research effort that you have any knowledge of in the private area, on clean-up methods.

Secretary MORTON. Let me check with the Coast Guard.

This is out of the bailiwick of the Department of Interior. The Coast Guard is charged with this responsibility, and I am sure when they come before the Appropriations Committee they will be asked this.

Let me see what I can develop for you without duplicating the work other agencies are doing. There is a great deal of work going on. The Corps of Engineers is doing some work, too. We will try to put that together for you.

Mr. OBEY. Thank you.

(The information follows:)

Excerpt from U. S. Coast Guard's 1972 budget request for Research, Development, Test, and Evaluation.

	FY 1971	FY 1972	Difference
a. Maritime Pollution Control	($3,500,000)	($4,000,000)	(+$500,000)
(Transportation Systems Center)		($135,000)*	

(1) Pollution baseline measurement - In 1972 a new $1 million program will be started to develop the mechanics necessary to determine the distribution and initial resting place of the most hazardous marine transportation-related pollutants. Characteristic parameters of selected hazardous pollutants will be sought, which will facilitate detection of these substances, particularly oil and such toxic heavy metals as mercury and lead. Based on these parameters, improved detection procedures and equipment will be developed, and then baselines and trends for the selected pollutants will be established in test areas typical of heavily trafficked harbors, coastal confluence areas, and high seas disposal areas. Development of an unattended oil slick detection device will be initiated and an advanced oil pollution baseline monitoring system using that device will be established in appropriate test areas.

(2) Surveillance and identification techniques and methods - This R&D effort, which will continue at the 1971 level of $1 million in 1972, has two objectives, both related to improving Coast Guard law enforcement capability in regard to oil pollution violations. The first objective is development of an improved airborne, all-weather sensor to detect and identify types of oil and to map the extent of oil spills in coastal, high seas, and harbor areas. Construction of a prototype sensor system, which was initiated in 1971, will be completed, and field test and evaluation of the system will be initiated in 1972 with TSC assistance.

The second objective of this project is the development of a positive method for identifying the source of oil spills which will be reliable enough to permit prosecution of violators when the spiller does not make required reports. Evaluations of the state-of-the-art of existing oil "tagging" techniques were completed during 1971 in coordination with the Federal Water Quality Administration and the Atomic Energy Commission. A prototype system will be assembled for subsequent operational tests, and development of a forecast model to assist on-scene commanders to predict the movement and disposition of oil spills will be completed by the end of the year.

(3) Develop containment system - Field tests of a prototype interim high seas oil containment barrier will be completed in 1972. This prototype will be capable of effectively containing oil in 5-foot waves and 2-knot currents, and surviving in rougher seas of 10-foot wave heights. Upon successful completion of the field test program, a special air delivery subsystem for quick response will be developed, including modification of the prototype, construction of special packaging, design of a parachute delivery system, and development of deployment techniques. Estimated 1972 costs of $500 thousand for this project represents a $200 thousand reduction from the 1971 level of $700 thousand.

(4) Develop recovery system - Several preliminary designs of special oil cleanup equipment for use at sea will be completed, and detailed design and construction of a prototype cleanup system based on the best preliminary design will be carried out. The prototype will be constructed and a field test and evaluation program initiated by the end of the year. The $800 thousand 1972 program represents a reduction of $300 thousand from the 1971 level of $1.1 million.

(5) Special techniques - Special oil slick cleanup systems based on the results of the 1971 research in sorbent, biological degradation, sinking, and surfactant techniques will be developed to provide backup capability to mechanical systems. Companion research to determine the ecological impact, if any, of these selected special techniques will be carried out. The 1971 level of $700 thousand for research in special techniques will continue in 1972.

Mrs. HANSEN. Mr. McDade.

TOCKS ISLAND NATIONAL PARK

Mr. MCDADE. Mr. Secretary, I want to bring to your attention a serious problem that has developed with the Tocks Island National Park which is the most expensive, I guess, and will be the most heavily used national park, if we get it going, in the Nation. There are increasing concerns being raised by people along the Delaware about the impact of the dam. Some of our colleagues, myself, Fred Rooney, Frank Thompson, and John Dow got together a group of people in the Government who are associated with that development—and it is not Interior alone.

The Corps is heavily involved—requesting that within about 60 days they put an end to some of the speculation about the impact and the environmental consequences that may result, that are alleged to result, from the construction of the Tocks Island National Park.

I simply want you to be aware of it and to do what you can to make sure that the Interior Department, meets this commitment and insofar as possible reply to the environmental questions being raised by groups of people along the Delaware from the upper reaches of Pennsylvania all the way down into the terminal point.

It is a serious problem and people are threatening court action now.

This project has been long delayed and is escalating in cost.

I just want your assurances that the Department of Interior will cooperate to the fullest in getting to the bottom of these environmental allegations that are being made.

Secretary MORTON. I can assure you we will. Of course, you and I served in the Congress that authorized that Tocks Island Park. It is a real tough one, but this is one that we are going to get into as far as the environmental aspects are concerned.

You are absolutely right. It will be the most heavily used, I think, of any of the areas.

Mr. MCDADE. We appreciate that help, Mr. Secretary.

I am afraid that the project is getting stretched out so long people are beginning to have doubts, whether real or imagined, about the environmental impact, and the more these doubts begin to circulate the wider becomes the opposition to the construction of the dam which starts this year.

Secretary MORTON. It is in this year's budget.

I think one of the things, Mr. McDade, this whole thing points out is the need for reorganization. One of the reasons this thing has dragged on is because of the multi-agency aspect of it. No one agency has the control of it.

Mr. MCDADE. That is perfectly right. I appreciate your assurances on it.

MEETING WITH NATIONAL PARK FOUNDATION

Mrs. HANSEN. Mr. Secretary, do you have any additional comment at this time on your national park programs since you just met with the National Park Foundation?

Secretary MORTON. I met with the board of directors of the National Park Foundation.

TERRITORIAL POLICY

Do we have any new policies that are being contemplated in the Office of Territories?

Secretary MORTON. In the first place, I think the thing I am doing, and we are doing it as of now, is studying the relationship between the Office of Territories and those Territories that now have an elected Governor, specifically the Virgin Islands and Guam, because our relationship as a Department to those Territories has been changed by reason of this legislation.

No. 2, I am reviewing the role of the comptroller who is an employee, as of now, of the Department of the Interior to really appraise exactly what his function is and how he should report to the Government. There is good argument that he perhaps should be part of the General Accounting Office.

This has been suggested by Members on the authorization committees. And in response to those suggestions, I am looking into that as a practical matter. I haven't any preconceived ideas on it.

MICRONESIA PROBLEM

I am deeply concerned about the entire problem of Micronesia. I had a long talk with Ambassador-at-Large Kennedy who is going to stop by Micronesia on his way back from the present tour and get into some of their problems on a first-hand basis on the ground.

But, unless we can develop a national policy for Micronesia, I think we stand a great chance of losing a referendum out there, losing it in the sense that we would make out second best as far as the American interests are concerned.

But I do believe that there has to be some national policy development here and I am working with the Department of State and with the President in trying to come up with a new set of approaches and initiatives as far as Micronesia is concerned.

Mrs. HANSEN. The committee has been deeply concerned that the education program in the Territories is not progressing as fast as it should.

The second thing is that you were training people for civil service jobs which are practically nonexistent when you actually need plumbers, contractors, and carpenters, the kind of people that would enable the Micronesians to have adequate houses, schools, and all the things that make for a better living.

Secretary MORTON. This is a very difficult problem as you know. I have been out there many times and the only job out there today is the Government. That is entirely a Government economy. I think those have been the jobs that have been available. And the contractors that have come out there have had to import most of their skills.

When I was there last, I noticed that over 50 percent of all the contractor personnel involved in building the new hospital were indigenous, were native people. This I thought was a good sign. So there has been some improvement. We have been spending a tremendous amount of money out there, around $50 million a year, and my concern is what are we getting for it?

TERRITORIAL POLICY

Do we have any new policies that are being contemplated in the Office of Territories?

Secretary MORTON. In the first place, I think the thing I am doing, and we are doing it as of now, is studying the relationship between the Office of Territories and those Territories that now have an elected Governor, specifically the Virgin Islands and Guam, because our relationship as a Department to those Territories has been changed by reason of this legislation.

No. 2, I am reviewing the role of the comptroller who is an employee, as of now, of the Department of the Interior to really appraise exactly what his function is and how he should report to the Government. There is good argument that he perhaps should be part of the General Accounting Office.

This has been suggested by Members on the authorization committees. And in response to those suggestions, I am looking into that as a practical matter. I haven't any preconceived ideas on it.

MICRONESIA PROBLEM

I am deeply concerned about the entire problem of Micronesia. I had a long talk with Ambassador-at-Large Kennedy who is going to stop by Micronesia on his way back from the present tour and get into some of their problems on a first-hand basis on the ground.

But, unless we can develop a national policy for Micronesia, I think we stand a great chance of losing a referendum out there, losing it in the sense that we would make out second best as far as the American interests are concerned.

But I do believe that there has to be some national policy development here and I am working with the Department of State and with the President in trying to come up with a new set of approaches and initiatives as far as Micronesia is concerned.

Mrs. HANSEN. The committee has been deeply concerned that the education program in the Territories is not progressing as fast as it should.

The second thing is that you were training people for civil service jobs which are practically nonexistent when you actually need plumbers, contractors, and carpenters, the kind of people that would enable the Micronesians to have adequate houses, schools, and all the things that make for a better living.

Secretary MORTON. This is a very difficult problem as you know. I have been out there many times and the only job out there today is the Government. That is entirely a Government economy. I think those have been the jobs that have been available. And the contractors that have come out there have had to import most of their skills.

When I was there last, I noticed that over 50 percent of all the contractor personnel involved in building the new hospital were indigenous, were native people. This I thought was a good sign. So there has been some improvement. We have been spending a tremendous amount of money out there, around $50 million a year, and my concern is what are we getting for it?

SEABEE ACTIVITIES IN THE TERRITORIES

Mrs. HANSEN. The committee is concerned with the same thing, and may I say we will be deeply interested in any programs you develop.

BUDGETARY RESERVES

Please insert in the record at this point a detailed listing by project of all activities for which funds have been placed in budgetary reserve or some other limitation that is in force which would impede progress of the project for which funds have been appropriated. It is not necessary to include any limitations currently in effect on contract authority.

Mr. HITE. Mr. Wiles has a detailed listing.

Mr. WILES. At the moment, Madam Chairman, we only have two items in budgetary reserve. One is $30 million of contract authority for the Land and Water Conservation Fund other than roads, which you excluded. The fund this year is fully appropriated. So at the moment the Bureau of Outdoor Recreation has no need for that contract authority.

They have all the cash they can use.

NATIONAL FISHERIES CENTER AND AQUARIUM

The other is the $9.1 million for the National Fisheries Center and Aquarium.

Secretary MORTON. On that subject I think the Congress is going to have to take another swing at it if that is going to become a reality.

Mrs. HANSEN. Mr. Wyatt.

Mr. WYATT. I wonder if there has been any thought given to the operation of the aquarium by the Smithsonian.

Mr. HITE. Mr. Wyatt, we have discussed this with the Smithsonian.

Mr. WYATT. I know. That is why I asked the question. I think that consideration should be part of the study.

Mrs. HANSEN. I will say I think the Secretary of the Interior should be authorized and designated to review the operations of the aquarium with the Smithsonian Institution and the National Capital Planning Commission. I don't understand why the aquarium has met opposition when it could contribute to the entire program of conservation of our fish resources.

BUDGETARY RESERVES

Mrs. HANSEN. Please insert in the record the funds held in reserve for fiscal years 1968, 1969, 1970, and 1971.

(The information follows:)

DEPARTMENT OF THE INTERIOR

Total funds in budgetary reserve
for fiscal years 1968, 1969, 1970, and 1971

(Year-end figures)

Bureau and Appropriation Account	1968	1969	1970	1971
Bureau of Land Management				
Management of lands and resources	$ --	$ 30,000	$ --	$ --
Construction and maintenance	--	43,000	39,400	--
Total, Bureau of Land Management	--	73,000	39,400	--
Bureau of Indian Affairs				
Construction	17,753,000	--	198,974	--
Bureau of Outdoor Recreation				
Land and Water Conservation	66,763,210	51,503,964	--	--
Office of Territories				
Administration of Territories	5,871,422	183,200	171,215	--
Trust Territory of the Pacific Islands	--	45,000	--	--
Total, Office of Territories	5,871,422	228,200	171,215	--
Geological Survey				
Surveys, investigations and research	322,000	--	171,415	--
Lead and zinc stabilization program	2,431,000	2,194,872	2,023,000	--
Payments from proceeds, sale of water	19,000	19,000	19,000	--
Total, Geological Survey	2,772,000	2,213,872	2,213,415	--

Bureau and Appropriation Account	1968	1969	1970	1971
Bureau of Mines				
Drainage of anthracite mines	$3,814,722	$3,814,722	$3,814,722	$ --
Solid waste disposal	2,408,998	--	--	--
Total, Bureau of Mines	6,223,720	3,814,722	3,814,722	--
Office of Coal Research				
Salaries and expenses	--	--	2,000,000	--
Bureau of Sport Fisheries and Wildlife				
Construction	10,722,000	--	10,999,000	9,100,000
Migratory Bird Conservation Account	--	1,864,617	957,280	--
Total, Bureau of Sport Fisheries & Wildlife	10,722,000	1,864,617	11,956,280	9,100,000
National Park Service				
Construction	8,513,664	23,000	3,056,000	--
TOTAL	118,619,016	59,721,375	23,450,006	9,100,000

Office of Budget
March 11, 1971

OUTLAY LIMITATION

Mr. WILES. I have here also a breakdown of our outlay limitation for 1970, 1971, and 1972, and we are, in 1971, $87 million better off in the Department than we were before the 1972 budget came up. Our 1971 expenditures have been increased by $87 million. I have checked with all of the agencies in this bill and no one has told me they are going to have any problem with carrying out the program within this outlay limitation. I will put it in the record.

Mrs. HANSEN. Please do.

(The table follows:)

DEPARTMENT OF THE INTERIOR

Outlays Fiscal Years 1970, 1971 and 1972

(In thousands of dollars)

Bureau or Office	Outlays F.Y. 1970	F.Y. 1971	F.Y. 1972
Bureau of Land Management	197,122	204,761	197,650
Bureau of Indian Affairs	358,014	463,158	558,452
Bureau of Outdoor Recreation	116,549	229,151	268,800
Office of Territories	67,250	86,446	109,986
Geological Survey	102,693	110,435	118,602
Bureau of Mines	92,210	209,726	117,708
Office of Coal Research	17,292	17,494	18,800
Office of Oil and Gas	1,042	1,246	1,477
Bureau of Sport Fisheries and Wildlife	114,618	143,700	150,348
National Park Service	138,818	162,667	195,622
Office of Saline Water	30,203	32,820	28,925
Office of the Solicitor	6,412	6,690	6,528
Office of the Secretary	10,262	12,851	15,519
Office of Water Resources Research	11,804	11,732	12,645
Subtotal	1,264,289	1,692,877	1,801,062
Bureau of Reclamation	264,283	328,957	386,283
Alaska Power Administration	1,003	1,150	1,076
Bonneville Power Administration	130,368	124,250	126,865
Southeastern Power Administration	817	860	905
Southwestern Power Administration	6,853	7,703	7,491
Subtotal	403,324	462,920	522,620
TOTAL, DEPARTMENT OF THE INTERIOR	1,667,613	2,155,797	2,323,682

Office of Budget
February 16, 1971

REVENUE SHARING

Mrs. HANSEN. In his budget message to the Congress this year, the President described at some length his plan for a revenue-sharing program. To what extent, if any, would this program affect the operation of your Department if the President's proposal should be approved by the Congress?

Secretary MORTON. One of the major areas, I think, which would be affected straight off is the whole matter of development of land-use plans.

Though there is a proposal for $100 million to be distributed for the development of land-use plans, obviously considerable State money will have to be expended in order to perfect those plans to the point they can be approved by the Federal Government in revenue sharing and special revenue sharing, too.

Both programs, I think, would accelerate the development of those plans because our money would be available for it at many levels, county level, municipal level, and State level. Otherwise that program may be delayed.

I think another area that will affect us will be in the development of our park and recreation patterns. I think that the States and local governments and municipalities will have funds by which they can develop recreation areas and provide recreation facilities which, of course, in turn affect the pattern and plan that we should have for Federal facilities of the same type.

So I think there are a good many places where the Department touches local government that will be affected, and I believe and am confident will be affected in the right way as far as the Department is concerned.

Mrs. HANSEN. Please insert in the record at this point the total contribution to State and local governments made now through the Department of the Interior.

Mr. WILES. Yes, ma'am.

(The information follows:)

Department of the Interior (exclusive of Reclamation and power marketing agencies)

Grants and Payments to States and Local Governments for the fiscal year ending June 30, 1970

Bureau of Land Management	
Payments to States from Receipts under Mineral Leasing Act	$ 52,549,528
Payments to States from Grazing Receipts, etc.	
Public Lands (Outside Grazing Districts)	296,952
(Within Grazing Districts)	388,334
Payments to States; Proceeds from Sales; Grazing Fees	213,905
Payments to Counties O&C Grant Lands	32,116,506
Payments to Counties, National Grass Lands	227,056
Payments to Coos and Douglas Counties, Oregon	373,147
Payments to Oklahoma (Royalties)	717
Total, Bureau of Land Management	86,166,145
Bureau of Indian Affairs	
Education and Welfare Services	16,286,590
Resources Management	2,134,665
Total, Bureau of Indian Affairs	18,421,255
Bureau of Outdoor Recreation	
Land and Water Conservation Funds (Matching)	45,577,170
Office of Territories	
Grants-in-aid Public Works	
Government of Guam	1,938,319
American Samoa	1,456,114
Trust Territories of the Pacific Islands	14,606,501
Subtotal, Grants-in-aid, Public Works	18,000,934
Grants-in-aid, Other	
American Samoa	6,034,730
Trust Territories of the Pacific Islands	24,693,499
Subtotal, Grants-in-aid, Other	30,728,229
Payments to Government of the Virgin Islands - Shared Revenues	14,111,028
Total, Office of Territories	62,840,191

Bureau of Mines	
Drainage of anthracite Mines, Pa.	$ 43,394
Bureau of Sport Fisheries and Wildlife	
Federal Aid in Fish Restoration and Management	8,696,661
Federal Aid in Wildlife Restoration	28,653,739
Anadromous and Great Lakes Fisheries Conservation	1,835,487
National Wildlife Refuge Fund	2,169,642
Total, Bureau of Sport Fisheries and Wildlife	41,355,529
National Park Service	
Payment to State of Wyoming in lieu of taxes on lands in Grand Teton National Park	22,552
Office of Water Resources Research	
Annual Grants Pursuant to Title I, Section 100	5,100,000
Matching Grants Pursuant to Title I, Section 101 of the Water Resources Research Act	3,000,000
Total, Office of Water Resources Research	8,100,000
GRAND TOTAL, PAYMENTS TO STATES AND LOCAL GOVERNMENTS	262,526,236

APPROPRIATIONS COMPARED TO RECEIPTS

Mrs. HANSEN. Please insert in the record at this point a tabulation indicating appropriations to the Department of Interior compared with receipts, exclusive of trust funds, for fiscal years 1970, 1971, and your estimate for 1972.

Mr. WILES. We will.

(The information folows:)

Appropriations Compared with Receipts
(Exclusive of Trust Funds)

Department of the Interior, Exclusive of the
Bureau of Reclamation and Power Marketing Agencies

	1970 Actual	1971 Estimate	1972 Estimate
Appropriations			
Annual Definite	$1,055,698,384	$1,410,976,700	$1,549,204,000
Annual Indefinite	16,662,499	19,795,000	21,514,000
Permanent	165,903,977	168,776,560	189,072,000
Total	1,238,264,860	1,599,548,260	1,759,790,000
Receipts			
Admission fees and concessions	1,629,988	1,717,150	1,896,150
Receipts from sale of refuge products	4,376,273	4,500,000	4,500,000
Grazing fees	6,312,665	8,317,500	10,118,000
Revenue, Oregon and California and Coos Bay Wagon Road Lands	61,742,373	75,011,200	79,511,700
Sale of products	2,038,228	2,252,920	2,378,220
Mineral, oil and gas leasing, etc.	132,967,091	138,696,500	148,836,000
Receipts, mineral leasing, Outer Continental Shelf	186,861,451	1,072,815,000	190,000,000
Interest on and repayment of principal to certain funds	1,625,326	1,753,500	1,868,500
Collections, Reclamation Fund:			
Bureau of Land Management:			
Receipts from mineral leasing, public lands	62,097,620	65,200,000	66,775,000
Other receipts	5,503,135	5,855,000	7,318,000
Total Collections, Reclamation Fund	(67,600,755)	(71,055,000)	(74,093,000)
Miscellaneous rentals, fees, and permits	613,027	629,195	4,638,500
Collections and services to Indians	11,654,796	11,009,000	11,239,000
Recoveries and refunds	1,056,669	1,325,130	1,326,530
Sale of public lands, buildings, and other property	709,970	647,100	692,900
Receipts, Land and Water Conservation Fund	7,447,916	8,067,178	8,407,178
Unclassified receipts	122,180	121,960	123,765
Gross Proprietary Receipts	486,758,708	1,397,918,333	539,629,443
Less Duplication 1/	62,097,620	65,200,000	66,775,000
Net Proprietary Receipts	424,661,088	1,332,718,333	472,854,443
Collected by Interior not deducted in Printed Budget:			
Governmental Receipts	10,773,842	10,400,430	10,201,130
Interest on loans and advances	504,540	--	--
Collected by Other Federal Agencies:			
Receipts, Land and Water Conservation Fund	84,675,084	94,932,822	84,092,822
Receipts, Federal Aid in Fish Restoration and Management	11,903,719	13,924,091	16,500,000
Receipts, Federal Aid in Wildlife Restoration	33,081,322	32,805,725	42,200,000
Internal Revenue Collections for Virgin Is.	14,403,728	16,462,044	17,700,000
Total Net Receipts	580,003,323	1,501,243,445	643,548,395
Net Difference			
Amount by which appropriations exceed net receipts	658,261,537	98,304,815	1,116,241,605

1/ Receipts duplicated are as follows:

Item			
Receipts from mineral leasing, public lands, collected by Bureau of Land Management included in "Mineral, oil and gas leasing, etc." and "Collections, Reclamation Fund"	$62,097,620	$65,200,000	$66,775,000

POLICY REGARDING LAND AND WATER CONSERVATION

Mrs. HANSEN. Your 1972 budget estimates provide $380 million for the land and water conservation fund. We would appreciate your comments on the general policies which will prevail in the administration of this program in 1972 with regard to various priorities, provision of funds to States for State programs and especially in regard to any activity you plan in connection with urban parks.

This year I believe you are requesting in the land and Water Conservation Fund $17.5 million from the general fund of the Treasury. Is that correct?

Mr. HITE. Yes.

Mrs. HANSEN. Mr. Secretary, do you have any comments?

UTILIZATION OF FUND IN FISCAL YEAR 1972

Secretary MORTON. I am going to let Dick address himself to the utilization of the fund proposed in the 1972 budget.

Mr. HITE. As I commented earlier, Madam Chairman, our outlay picture for the fund in 1971 is favorable. We feel we are in good shape. With the $280 million requested in 1972 we feel we can carry on the program in a high caliber fashion. The thrust will be toward more matching funds for States.

Of the $380 million we have appropriated we request $280 million to be provided for State matching.

Mrs. HANSEN. This is a departure from your previous policy.

MATCHING STATE FUNDS

Mr. HITE. Yes; where we were about 50–50 last year in Federal funds and States.

Mrs. HANSEN. Mr. Hite, you are increasing the ratio of funds to the States in 1972?

Mr. HITE. That is correct.

Mrs. HANSEN. It is the feeling of this committee that the States need additional funds for planning, organization, and land acquisition. This committee has responded to the State request because we have a firm belief that they need additional planning and acquisition funds.

Mr. HITE. Your thoughts and judgments in this regard, Madam Chairman, are certainly supported by the administration program this year, and we will certainly endeavor to make our case clear to the Senate as well as this committee.

ESTIMATED RECEIPTS TO FUND

Mr. WILES. If I may go further on the revenues, we are talking $17.5 million coming out of the general fund. In 1971 we are estimating receipts from the Continental Shelf of $1,073 billion. It is down to $190 million in 1972, just royalties.

Mrs. HANSEN. How then will the Land and Water Conservation program be funded?

Mr. WILES. The difference between the receipts and the authorization will have to come out of the general fund of the Treasury.

GOLDEN EAGLE RECEIPTS

Mrs. HANSEN. What is the source of your revenue in the Land and Water Conservation Fund? What revenue do you receive from the Golden Eagle program?

Mr. WILES. It is a small amount.

Mrs. HANSEN. The committee has received a lot of letters from people who assume that the Golden Eagle program is supplying all the funds for the Land and Water Conservation Fund. As you are well aware it supplies less than 1 percent.

Mr. WILES. Yes. I have the answer here. We are projecting $92.5 million in 1972 from sources other than the Outer Continental Shelf. This is the sale of surplus property by General Services Administration, admissions to national parks, taxes on motorboats, pleasure boats, and gasoline. One hundred ninety million dollars from royalties on the Outer Continental Shelf.

Mr. HITE. Yes. The arithmetic is self-explanatory. It shows the shortfall.

Mr. MCDADE. Will the chairman yield?

Mrs. HANSEN. Yes.

OUTER CONTINENTAL SHELF RECEIPTS

Mr. MCDADE. It is far more than just a shortfall. If you use your figures for 1971 the amount by which our appropriations exceed net receipts is $98 million based on a projection from the Outer Continental Shelf receipts of over $1 billion. Your 1972 estimate shows receipts of $190 million from the Outer Continental Shelf, down about a billion.

Secretary MORTON. The difference is oil sales.

Mr. MCDADE. Right. You have stopped sales on the Outer Continental Shelf. As we were discussing today the revenue impact on this budget is about $1 billion and puts $1.1 billion as the amount by which our appropriations exceed revenues based on the status quo.

RECEIPTS ARE LESS

Mr. WILES. I think I can clear this up. Mrs. Hansen is talking about $300 million authorized for the Land and Water Conservation fund. So we have $190 million projected in 1972 for royalties on the Outer Continental Shelf, and $92.5 million from other sources. You take the $190 and the $92.5 and put them together against $300 million, and it leaves $17.5 million.

Mr. MCDADE. But in receipts to the Department you are still down $1 billion?

Mr. WILES. Right.

HUD FUNDS FOR PARKS

Mr. MCDADE. Do we know yet how the President's request for $200 million for park purposes will be coordinated?

You know the President in his State of the Union Message noted the importance of recreation areas, and I believe the budget for the Department of Housing reflects $200 million of brand new money for park purposes.

Do we know yet what part the Department of Interior will play in this, if any?

Mr. HITE. I don't.

Secretary MORTON. I don't think the $200 million is our money.

Mr. MCDADE. You won't be requested to pick up the management of parks that might be created or anything under that?

Secretary MORTON. That could be but I don't believe of the $200 million referred to in the President's message that is park acquisition or development money to be spent by this Department.

Mr. MCDADE. It is in the HUD budget?

Secretary MORTON. Yes.

Mr. MCDADE. If you look at this figure combined with the $200 million, you are talking about a half billion to States and cities for urban parks. I am not suggesting that is an improper figure or the totals are wrong but I am curious about whether or not the Park Service, with its broad experience in conducting parks in urban as well as wilderness areas, will be playing a part.

CALIFORNIA PILOT OPERATION

Secretary MORTON. We are contemplating a pilot operation which would be with one of the States, in this case California, where we have a combination setup of a national park and State park to try to bring that whole complex under one management, to standards that would be equal or better than the national park standard.

So, this would be a beginning of working out management arrangements in park areas which are not wholly owned by the National Park System.

HUD FUNDS FOR PARKS

I can't answer the question as to whether that $200 million reflects some funds which would be paid to us by HUD for service that we would render, but we can find that out.

(The information follows:)

The $200 million urban open-space program referred to in the President's message will be administered solely by the Department of Housing and Urban Development.

Mr. MCDADE. Thank you, Mr. Chairman.

HELIUM PROGRAM

Mrs. HANSEN. I think it would be well for you to insert in the record at this point a summary on the current status of the helium program, which should also include a description of developments in this connection that are anticipated during the next year.

(The information appears at p. 127.)

Mrs. HANSEN. Will there be a supplemental request for helium?

Secretary MORTON. If we can get it down in time. We will probably be in the courts on this.

Mr. WILES. There is $48.5 million in the supplemental that if things go right, could clean up the helium program.

Mrs. HANSEN. Please insert in the record the total amount of heilum you have in inventory and the total number of years' supply this represents.

Mr. HITE. We will supply the exact figures.

(The information follows:)

HELIUM

One of the four contractors filed suit in the Court of Claims on December 24, 1970, for breach of contract on account of nonpayment of bills. The suit is being handled for the Government by the Department of Justice. The suit was for $92 million.

The four helium conservation contractors were notified January 26, pursuant to termination provisions of the contracts, that the contracts were terminated. Such termination is effective at 8 a.m., March 28, 1971. Under the contract provisions, three of the contractors have 90 days from the posting of termination notices to elect whether to keep their plants or to sell them to the Government. One contractor has 6 months in which to make such election. When it is known which option the contractors select, the next step will be determining what payments the Government will need to make to each contractor under the termination provisions of the contracts.

Current plans are to continue operation of the Bureau's two plants at Exell, Tex., and Keyes, Okla., and to continue supplying the Federal agencies' needs for helium. During the next year, staffing adjustments will be made for the purpose of streamlining the operations and accommodating to a changed workload. Reductions probably will be on the order of 40 to 50 people.

As of the end of March 1971, there will be about 28.5 billion cubic feet of helium in storage. At the current rate of annual use, that volume would represent a 40-year supply. However, if estimates of future requirements made by the Federal agencies should materialize, the volume in storage would represent about a 20-year supply.

ANN ARBOR AND MILFORD LABORATORIES

Mrs. HANSEN. The committee last year had a long discussion with the Bureau of Commercial Fisheries and the Bureau of Sport Fisheries and Wildlife on the laboratories at Ann Arbor and Milford. Please insert in the record the status of these two laboratories?

Mr. WILES. We can put a complete statement in the record. They are both operating. I checked the other day.

Mrs. HANSEN. Who is operating them?

Mr. WILES. The Bureau of Sport Fisheries is operating Ann Arbor. And NOAA is operating the Milford one.

Mrs. HANSEN. Give us a complete statement on the personnel and funds involved in these laboratories.

Mr. WILES. Yes, ma'am.

(The information follows:)

Statement Concerning the Great Lakes Fishery Laboratory
Ann Arbor, Michigan

On October 1, 1970, the Bureau of Commercial Fisheries transferred its Great Lakes and Reservoirs biological research programs to the Bureau of Sport Fisheries and Wildlife. Also transferred were the Sea Lamprey Control and Sea Lamprey Control Research programs which are supported by funds from the Great Lakes Fishery Commission. All programs were under the supervision of the Director, Great Lakes Biological Laboratory, Ann Arbor, Michigan, and were conducted there and at the following field stations: Ashland, Wisconsin (Great Lakes); Sandusky, Ohio (Great Lakes); Mobridge, South Dakota (reservoirs); Millersburg, Michigan (lamprey control research); and at Marquette and Luddington, Michigan (lamprey control).

When these programs were transferred to the Bureau, the following realignment of program direction was made: the Ashland, Wisconsin, and the Sandusky, Ohio, field stations remain part of and under the supervision of the Great Lakes Research Laboratory, Ann Arbor, Michigan; the Mobridge, South Dakota, field station, as a part of reservoir research, was placed under the North Central Reservoir Investigations, Yankton, South Dakota; the lamprey control research program, Millersburg, Michigan, being closely allied to the Bureau's fish control research, was made part of this program as a field station under the direction of the Fish Control Laboratory, La Crosse, Wisconsin; the sea lamprey control programs at Marquette and Luddington, Michigan, not being research, were allied with the Fishery Services program and were placed under the direction of the Bureau's Regional Office, Twin Cities, Minnesota.

There have been no major changes in the direction of the biological research program. There will be some shift in emphasis, of course, because the former program, while primarily concerned with the fishery resource, was slanted toward the commercial fishery resource while our program will be responsive to the needs of State Fish and Game agencies who manage the fisheries and who are more concerned with meeting sport fishery needs. A "Prospectus of Great Lakes Fishery Research" outlining our proposed research plans has been prepared and circulated to all interested agencies for comment. Comments received will, in large part, guide our continuing research programs on this vital resource.

Proposed increases in fiscal year 1972 have been described in the Budget Justification (page FSF-55) and displayed in the allocation by station (FSF-58, 59).

Status of permanent, full-time personnel at the time of transfer and the end of FY-71 and FY-72 along with estimated allotments for FY 71 and FY 72 follow:

Station	Personnel 10/1/70	Personnel 6/30/71	Personnel 6/30/72	Allotment FY 71*	Allotment FY 72
Great Lakes Research Lab., Ann Arbor	40	42	49	696,750	1,053,000
Ashland, Wisconsin	6	6	6	72,000	95,000
Sandusky, Ohio	6	6	6	75,000	98,000
Lake Ontario, New York	-	-	5	-	100,000
Subtotal	52	54	66	843,750	1,346,000
Mobridge, South Dakota (reservoir)	7	7	7	83,000	109,000
Millersburg, Michigan (lamprey control)	10	10	10	(135,100)	(135,100)

In addition to the above, the Office of Water Quality (formerly Federal Water Quality Administration), Environmental Protection Agency, supports a program at the Ann Arbor laboratory which is providing information on the effects of heavy metals (including mercury) on the Great Lakes fishery resource. We estimate an expenditure of $200,000 in FY 71 for this purpose. Two of the permanent, full-time employees shown on the preceding table are assigned to this program. Other personnel services are provided by part-time or temporary employees. Part of the research is done by outside contract. These funds are not shown in the above table.

* Period 10/1/70 to 6/30/71.

Status of Milford Laboratory

The National Marine Fisheries Service (NMFS) has added responsibilities related to the quality of marine ecological systems upon the creation of NOAA in FY 71. Rational coastal development and utilization of living marine resources found in coastal waters will require emphasizing certain research efforts to determine the nature of the environment and of the reproduction, growth, and relationships of marine organisms and possible effects of dangerous contaminants.

The new program efforts at Milford will focus on long-range physiological effects of contaminants on marine resources (whole animal and molecular), the ecology of marine micro-organisms, and hydrographic studies of the mid-Atlantic bight.

Programs at the Milford Laboratory which have specialized in shellfish genetics, fish culturing techniques, and coastal zone ecosystems will provide the necessary expertise to accomplish these objectives. Funding has been maintained at $392K in FY 1971.

There are currently 18 full-time permanent employees at the Milford laboratory. A substantial increase in program level and number of positions is being requested for FY 1972.

The Milford programs have been coordinated with other Federal agencies such as Environmental Protection Agency, the Department of Agriculture, and the Food and Drug Administration which have related programs.

RESEARCH VESSELS

Mrs. HANSEN. Also insert in the record the status of your research ships, such as the *Miller-Freeman*, because these are very important to the total research of your fish resources.

Mr. WILES. Yes.

(The information follows:)

NMFS RESEARCH VESSELS ON STANDBY STATUS

NMFS fully or partially removed from service three major vessels in fiscal year 1971 as a result of the sustantial budget reduction. Their eventual return to full activity will enhance successful implementation and conduct of the marine resources monitoring, assessment, and prediction (MARMAP) program.

Until sufficient funds are available to return these vessels to full operation, alternatives are being considered for employing them in other National Oceanographic and Atmospheric Administration activities, or in complementary marine resource and environment-oriented programs of other agencies or institutions. For example, the University of Washington has submitted a proposal for using the *Miller Freeman* in calendar years 1972 and 1973 for comprehensive upwelling studies related to the international biological program (IBP) and the international decade of ocean exploration (IDOE). These studies will provide substantial information of material benefit to the MARMAP program. It is also likely that the university would participate in MARMAP surveys while it has custody of the *Miller Freeman*. Moreover, the vessel would be returned more completely equipped than she is now, thus eliminating the necessity to provide a considerable amount of Federal funding to finish equipping the vessel. We are presently doing a vessel utilization study with the objective of setting up the means for increasing efficiency by consolidating operation and maintenance activities and coordinating the management and allocation of NOAA vessel time. In the meantime, all three vessels are being maintained in excellent condition. Funds are included in the fiscal year 1972 budget request to maintain this status and/or intermittent operation. The *Miller Freeman* is provided with sufficient funds and a responsible individual to run engines periodically and conduct necessary maintenance functions. The *Delaware II* and *Charles H. Gilbert* are provided with maintenance funds and are cared for by vessel personnel assigned to other NMFS research vessels based in the same locations. These two vessels are often used for research operations which require their unique equipment or special capabilities. Crews and operating funds are shifted from the partner vessels for these activities. This arrangement not only insures proper maintenance of the vessels, but it also facilitates improved research program effectiveness.

COMPARISON OF 1972 AND 1971 BUDGETS

Mrs. HANSEN. The budget provides about an 8-percent increase in 1972 for the Bureau of Sport Fisheries and Wildlife. What will be the main thrust of your activities in this Bureau for 1972?

Mr. WILES. Madam Chairman, I have a complete breakdown here in very great detail on all the increases. May I put it in the record?

Mrs. HANSEN. Please do.

Mr. WILES. Actually, the Bureau received only a 4-percent increase in its direct appropriations. Inclusion of a $12 million increase over and above this in the permanent appropriations, Federal Aid to Fish and Wildlife, brings the percentage increase up to 8 percent.

Mrs. HANSEN. Please insert the information in the record.

(The information follows:)

Comparison of Fiscal Year 1971 New Budget (Obligational) Authority with Fiscal Year 1972 Estimates

Bureau or Office	Available 1971	FY 1972 Estimate	Increase or Decrease (-)
Bureau of Land Management	$ 87,677,000	$ 102,044,000	$ 14,367,000
Bureau of Indian Affairs	375,588,101	424,517,000	48,928,899
Bureau of Outdoor Recreation	361,475,000	383,798,000	22,323,000
Office of Territories	67,138,000	81,124,000	13,986,000
Geological Survey	111,350,000	121,207,000	9,857,000
Bureau of Mines	156,884,000	119,045,000	-37,839,000
Office of Coal Research	17,160,000	21,000,000	3,840,000
Office of Oil and Gas	1,238,000	1,495,000	257,000
Bureau of Sport Fisheries and Wildlife	75,620,295	78,725,000	3,104,705
National Park Service	160,825,300	191,645,000	30,819,700
Office of Saline Water	28,573,000	27,025,000	-1,548,000
Office of Water Resources Research	13,221,000	14,435,000	1,214,000
Office of the Solicitor	6,559,256	6,528,000	-31,256
Office of the Secretary	12,803,575	14,303,000	1,499,425
Total, New Budget (Obligational) Authority and Appropriations to Liquidate Contract Authority	$1,476,112,527	$1,586,891,000	$110,778,473

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF LAND MANAGEMENT	Amount Available 1971	Estimate 1972	Increase or Decrease
Management of Lands and Resources:			
Realty and Mineral Leasing Service			
Title, Lease and Records Service; public relations $-20,000; paperwork, $-38,000	$ 6,474,000	$ 6,416,000	$ -58,000
Records Improvement; public relations, $-2,000; paperwork $-1,000	877,000	874,000	-3,000
	7,351,000	7,290,000	-61,000
Resource Management, Conservation and Protection			
Reduce case backlog, improve land appraisals, protect lands from exploration damages, and develop land-use plan for Northern Alaska	6,090,000	7,260,000	1,170,000
Range Management; public relations $-12,000; paperwork $-21,000	6,131,000	6,098,000	-33,000
Forestry; public relations, $-17,000; paperwork $-30,000	7,683,000	7,636,000	-47,000
Soil and watershed conservation; public relations $-17,000; paperwork, $-30,000	13,566,000	13,519,000	-47,000
Fire Protection, increased protection in California, improve Bureau's capability	5,340,000	5,874,000	534,000
Recreation and Wildlife, improved recreation management, and fish and wildlife opportunities	3,404,000	3,919,000	515,000
Alaska Pipeline Inspection, public relations, $-2,000; paperwork, $-5,000	2,019,000	2,012,000	-7,000
	44,233,000	46,318,000	2,085,000
Cadastral Survey			
Alaska, Public relations, $-3,000; paperwork, $-6,000	2,232,000	2,223,000	-9,000
Other States, improve capability	3,755,000	4,478,000	723,000
Financing change - Missouri River Basin from Reclamation	--	160,000	160,000
	5,987,000	6,861,000	874,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF LAND MANAGEMENT	Amount Available 1971	Estimate 1972	Increase or Decrease
Management of Lands and Resources: (Cont'd)			
Firefighting and Rehabilitation			
Firefighting - change from token funding to average	$ 400,000	$ 9,400,000	$ 9,000,000
Rehabilitation	600,000	600,000	--
	1,000,000	10,000,000	9,000,000
General Administrative Expenses	2,501,000	2,501,000	--
Total, Management of Lands and Resources	61,072,000	72,970,000	11,898,000
Construction and Maintenance:			
Construction			
Buildings - Boise fire center, $100,000; Pollution control, Alaska, $190,000, and design of Administration complex, Alaska, $80,000	300,000	370,000	70,000
Recreation Facilities, various states	735,000	1,264,000	529,000
	1,035,000	1,634,000	599,000
Maintenance			
Maintenance of buildings, New Boise fire center and upgrade work	265,000	361,000	96,000
Operation and maintenance of recreation facilities, Johnny Horizon, $75,000 and $200,000 to provide for new facilities and upgrade	985,000	1,260,000	275,000
Maintenance of roads - 5,200 miles of preventive and 800 miles of corrective maintenance	1,025,000	1,105,000	80,000
	2,275,000	2,726,000	451,000
Total, Construction and Maintenance	3,310,000	4,360,000	1,050,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF LAND MANAGEMENT	Amount Available 1971	Estimate 1972	Increase or Decrease
Public Lands Development:			
Roads and Trails	$ 3,500,000	$ 3,200,000	$ -300,000
Grading 82 mi; surfacing 97 mi.; trails 44 mi.; two bridges			
Oregon and California Grant Lands:			
Construction and Acquisition			
Access roads - Western Oregon mainly	10,205,000	10,620,000	415,000
Forest Development			
Forest protection - Western Oregon	839,000	950,000	111,000
Forest Development - 200 acres planting; 760 acres stand improvement - genetic improvement	1,937,000	2,041,000	104,000
Forest management - bring program to required level	2,553,000	2,606,000	53,000
	5,329,000	5,597,000	268,000
Operation and Maintenance			
Roads - maintenance on 6,800 mi. of timber access roads	2,190,000	2,463,000	273,000
Recreation facilities - to maintain facilities to be completed in fiscal year 1971	276,000	320,000	44,000
Total, Operation and Maintenance	2,466,000	2,783,000	317,000
Total, Oregon and California Grant Lands	18,000,000	19,000,000	1,000,000
Range Improvements - Increased grazing fees as of 3/1/71	1,795,000	2,514,000	719,000
TOTAL, BUREAU OF LAND MANAGEMENT	87,677,000	102,044,000	14,367,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF INDIAN AFFAIRS	Amount Available 1971	Estimate 1972	Increase or Decrease
Education and Welfare Services:			
Educational Assistance:			
Increased costs of peripheral dormitory program	$ 1,750,000	$ 1,925,000	$ 175,000
7,000 additional students and increased costs in public schools	17,902,000	20,727,000	2,825,000
Indian scholarship grants, additional 2,300 students	6,098,000	15,098,000	9,000,000
	25,750,000	37,750,000	12,000,000
Federal Facilities:			
1,665 additional pupils	114,910,000	121,141,000)	3,300,000
Increased operational costs		)	2,931,000
Employment Indian education coordinators	896,000	2,396,000	1,500,000
Adult education and community development	2,553,000	2,553,000	--
	118,359,000	126,090,000	7,731,000
Welfare Services:			
General assistance, 6,000 additional caseloads	34,415,000	37,820,000	3,405,000
Other welfare, including increase unit cost for child care	5,110,000	5,310,000	200,000
Tribal contracts for social services	6,333,000	6,554,000	221,000
Housing Improvements	6,640,000	6,640,000	--
	52,498,000	56,324,000	3,826,000
Employment Assistance:			
Direct employment	14,935,000	14,935,000	--
Adult vocational training	24,273,000	24,273,000	--
	39,208,000	39,208,000	--

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF INDIAN AFFAIRS	Amount Available 1971	Estimate 1972	Increase or Decrease
Education and Welfare Services (Cont'd)			
Maintaining Law and Order:			
Increase in operation cost	$ 5,140,000	$ 5,615,000	$ 475,000
Prisoner parole program	--	250,000	250,000
Payment to tribes for assuming law and order program	700,000	1,200,000	500,000
Training tribes to become involved in law and order	--	50,000	50,000
	5,840,000	7,115,000	1,275,000
Total, Education and Welfare Services	241,655,000	266,487,000	24,832,000
Resources Management:			
Forest and range lands	7,283,000	7,283,000	--
Fire suppression and emergency rehabilitation			
Increase brings in line average obligations for past three years	140,000	1,340,000	1,200,000
Agriculture and Industrial Assistance:			
Reservation programs - Missouri River program and to provide business manager capability on 10 reservations	2,374,000	2,811,000	437,000
Tribal operations - increase in uncontrollable costs	1,564,000	1,760,000	196,000
Agriculture extension	2,241,000	2,241,000	--
Credit operations	2,046,000	2,046,000	--
Commercial and industrial development	2,121,000	2,121,000	--
Housing development	2,327,000	2,327,000	--
	12,673,000	13,306,000	633,000
Soil and moisture conservation	6,576,000	6,576,000	--
Maintenance of roads			
Regular (9,818 miles) occasional (11,846 miles) heavy, special and airstrip maintenance	5,675,000	6,166,000	491,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF INDIAN AFFAIRS	Amount Available 1971	Estimate 1972	Increase or Decrease
Resources Management: (Cont'd)			
Development of Indian Arts and Crafts	$ 638,000	$ 638,000	$ --
Management of Indian trust property			
Employee compensation payment	9,194,000	9,394,000	200,000
Repair and maintenance of buildings and utilities			
Repair and maintenance of newly constructed buildings and utilities (1,008,000 sq. feet)	--	978,000	978,000
Increased costs of labor and materials (includes $225,000 for a cleanup program around Indian villages)	21,184,000	22,560,000	1,376,000
	21,184,000	23,538,000	2,354,000
Operation, Repair and Maintenance of Indian Irrigation Systems	1,418,000	1,418,000	--
Indian Business Development Fund			
To provide supplementary source of seed capital to Indians	3,400,000	4,900,000	1,500,000
Total, Resources Management	68,181,000	74,559,000	6,378,000
Construction:			
Buildings and utilities	12,335,401	23,910,000	11,574,599
Construction of additional kindergarten classrooms and quarters at 21 locations, a day school at Cherokee, N. C., academic and related spaces at Sherman High Indian School, Calif.; Shops for Hoskell Indian Junior College, Kansas; Completion of facilities at Carter Seminary, Okla; and water exploration and development work			

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF INDIAN AFFAIRS	Amount Available 1971	Estimate 1972	Increase or Decrease
Construction: (Cont'd)			
Irrigation Systems	7,475,000	12,475,000	5,000,000
Includes $9 million for Navajo irrigation project, and for improvement, rehabilitation, betterment of other irrigation projects and related power systems			
Total, Construction	19,810,401	36,385,000	16,574,599
Road Construction (Appropriation to liquidate contract authority) ..	20,200,000	25,000,000	4,800,000
General Administrative Expense			
Departmental Offices - Savings in public relations work	5,976,000	5,913,000	-63,000
Payment to the Ute Tribe of the Uintah and Ouray Reservation	3,561,700	--	-3,561,700
Nonrecurring reimbursement to the Tribe for tribal funds used to construct, operate and maintain the Uintah irrigation project			
Tribal Funds			
Education and welfare services	69,750	69,750	--
Resources Management	710,300	710,300	--
Construction and land acquisition	319,250	319,250	--
General tribal affairs	1,900,700	1,900,700	--
	3,000,000	3,000,000	--
Advances to Indian Tribes	13,204,000	13,173,000	-31,000
TOTAL, BUREAU OF INDIAN AFFAIRS	375,588,101	424,517,000	48,928,899

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF OUTDOOR RECREATION	Amount Available 1971	Estimate 1972	Increase or Decrease
Salaries and Expenses:			
Planning and Research:			
Nationwide Planning - First plan is nearing completion	$ 984,000	$ 784,000	$ -200,000
Water Resources and Special Area Studies			
Missouri River Basin study funds formerly transferred from Reclamation	--	123,000	123,000
Only those studies specifically required by law are now included	506,000	206,000	-300,000
Other programs	843,000	843,000	--
Total	1,349,000	1,172,000	-177,000
Research and Education	127,000	127,000	--
Total, Planning and Research	2,460,000	2,083,000	-377,000
Federal Coordination	880,000	880,000	--
Technical Assistance			
To meet the provisions of the "Federal Lands for Parks and Recreation Act," Public Law 91-485	150,000	250,000	100,000
Other Programs	585,000	585,000	--
Total, Technical Assistance	735,000	835,000	100,000
TOTAL, SALARIES AND EXPENSES	4,075,000	3,798,000	-277,000
Land and Water Conservation:			
Assistance to States			
Increase includes funds at the new $300 million annual level plus a one time catch-up amount from the $100 million unappropriated balance from 1971	185,296,680	280,000,000	94,703,320

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF OUTDOOR RECREATION	Amount Available 1971	Estimate 1972	Increase or Decrease
Land and Water Conservation: (Cont'd)			
Federal Programs			
National Park Service	$ 96,546,180	$ 70,000,000	$ -26,546,180
Forest Service	32,722,820	19,700,000	-13,022,820
Bureau of Sport Fisheries and Wildlife	7,995,500	5,000,000	-2,995,500
Bureau of Land Management	499,820	500,000	180
Liquidation of Contract Authority (Redwood National Park)	30,000,000	--	-30,000,000
Total	167,764,320	95,200,000	-72,564,320
Administrative Expenses			
Followup and inspection of projects increased to correspond with higher program levels	4,146,000	4,572,000	426,000
Increase in grant audit costs	193,000	228,000	35,000
Total	4,339,000	4,800,000	461,000
TOTAL, LAND AND WATER CONSERVATION	357,400,000	380,000,000	22,600,000
TOTAL, BUREAU OF OUTDOOR RECREATION	361,475,000	383,798,000	22,323,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

OFFICE OF TERRITORIES	Amount Available 1971	Estimate 1972	Increase or Decrease
Administration of Territories:			
Virgin Islands			
Governor's Office - Federal financing no longer required by law	$ 44,000	$ --	$ -44,000
Guam			
Governor's Office - under local funding 1/4/71	55,000	--	-55,000
Loans and Grants - vocational, elementary and high schools, water and sewer	8,549,000	9,611,000	1,062,000
Total, Guam	8,604,000	9,611,000	1,007,000
American Samoa			
Governor's Office - additional stenographer, more travel	220,963	239,500	18,537
Chief Justice and High Court - 4 additional positions	172,600	235,000	62,400
Grants:			
Health, Education and Welfare	4,295,816	6,188,730	1,892,914
Economic and Industrial Development	4,100	28,845	24,745
Operations and Maintenance	1,486,221	1,286,962	-199,259
General Administration	159,600	223,609	64,009
Construction	1,891,700	2,995,354	1,103,654
Total Grants	7,837,437	10,723,500	2,886,063
Total, American Samoa	8,231,000	11,198,000	2,967,000
General Administration - full funding of authorized positions	509,000	576,000	67,000
Total, Administration of Territories	17,388,000	21,385,000	3,997,000

58-160 O - 71 - pt. 1 --10

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

OFFICE OF TERRITORIES	Amount Available 1971	Estimate 1972	Increase or Decrease
Trust Territory of the Pacific Islands			
High Commissioner's Office - normal salary increases	$ 271,000	$ 278,000	$ 7,000
Judiciary - salary increases	290,000	313,000	23,000
Grants			
Health Services	5,053,000	6,085,000	1,032,000
Education	8,806,000	10,260,000	1,454,000
Public Affairs	2,018,000	2,056,000	38,000
Resources and Development	3,987,000	4,881,000	894,000
Protection to Persons and Property	1,620,000	1,756,000	136,000
Administration	3,810,000	4,248,000	438,000
Transportation and communication	2,427,000	2,935,000	508,000
Public Works and Utilities	5,951,000	6,567,000	616,000
Subtotal, Grants	33,672,000	38,788,000	5,116,000
Capital Improvements	15,817,000	20,660,000	4,843,000
Less: Reimbursements and Operating Income	-300,000	-300,000	--
Total, Grants	49,189,000	59,148,000	9,959,000
TOTAL, TRUST TERRITORY OF THE PACIFIC ISLANDS	49,750,000	59,739,000	9,989,000
TOTAL, OFFICE OF TERRITORIES	67,138,000	81,124,000	13,986,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

GEOLOGICAL SURVEY	Amount Available 1971	Estimate 1972	Increase or Decrease
Surveys, Investigations and Research:			
Special Resource and Environmental Projects			
To initiate interdisciplinary programs in selected pilot areas, and augment the San Francisco Bay area study	450,000	1,450,000	1,000,000
All other special resource and environmental projects	300,000	300,000	--
	750,000	1,750,000	1,000,000
Alaska Pipeline related investigations:	1,320,000	1,320,000	--
Topographic surveys and mapping:			
Standard quadrangle mapping - increase 1: 24,000 scale mapping and continue development of National Cartographic Information Center	24,105,000	25,905,000	1,800,000
To continue mapping program in Missouri River Basin previously accomplished with transfer funds	--	786,000	786,000
Program savings in paper management and public relations	107,000	--	-107,000
All other topographic, surveys and mapping	6,178,000	6,178,000	--
	30,390,000	32,869,000	2,479,000
Geologic and Mineral Resource Surveys and Mapping			
For an additional 8,000 square miles of geologic surveys, primarily of public lands	12,630,000	12,930,000	300,000
For seismological and geological studies to reduce potential losses from earthquakes	1,465,000	1,665,000	200,000
For systematic reconnaissance geologic mapping of the continental shelves	1,310,000	1,510,000	200,000
Program savings in paper work management and public relations.	110,000	--	-110,000
All other geologic and mineral resource surveys and mapping	15,056,000	15,056,000	--
	30,571,000	31,161,000	590,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

GEOLOGICAL SURVEY	Amount Available 1971	Estimate 1972	Increase or Decrease
Water Resources Investigations:			
To provide urgently needed water data	11,973,492	12,372,961	399,469
For water data needed for Missouri River Basin program	--	786,000	786,000
To match an increase in State offerings for data of mutual interest to State and Federal governments	18,785,000	19,285,000	500,000
To intensify hydrologic investigations of major critical national water problems	2,284,000	2,584,000	300,000
For reimbursement to Bureau of Employees compensation	219,508	303,039	83,531
Program savings in paper work management and public relations	120,000	--	-120,000
All other water resource investigations	544,000	544,000	--
	33.926,000	35,875,000	1,949,000
Conservation of lands and minerals:			
To increase capability to analyze proposed development and inspect oil and gas operations on the O.C.S.	3,021,000	3,313,000	292,000
To analyze proposed surface mine developments and inspect operations for Coal - improve environmental protection	4,251,000	4,301,000	50,000
To acquire and interpret OCS geophysical data for pre-sale tract selection and resources evaluation and inventory	1,104,000	1,212,000	108,000
To increase capability to evaluate, classify and inventory coal resources in Federal lands	1,053,000	1,203,000	150,000
Program savings in public relations and savings in paper work management	29,000	--	-29,000
	9,458,000	10,029,000	571,000
Minerals discovery loan program:	263,000	263,000	--

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

GEOLOGICAL SURVEY	Amount Available 1971	Estimate 1972	Increase or Decrease
Earth Resources Observation (EROS) Program:			
To conduct aircraft remote sensing and space data-use studies for a national inventory of resources and land.....	1,879,000	5,179,000	3,300,000
Program savings in paper work management and public relations.	32,000	--	-32,000
	1,911,000	5,179,000	3,268,000
General Administration:	2,761,000	2,761,000	--
Total, Geological Survey	111,350,000	121,207,000	9,857,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF MINES	Amount Available 1971	Estimate 1972	Increase or Decrease
Conservation and Development of Mineral Resources Research:			
Research:			
Coal - Program savings-paper work management; public relations...	8,805,000	8,770,000	- 35,000
Petroleum - Initiate studies on sub-surface waste disposal net of $10,000 savings in paper management and public relations.....	2,710,000	3,000,000	290,000
Oil Shale - Program savings - paper work management and public relations.....	2,508,000	2,500,000	- 8,000
Metallurgy - Expand urban refuses separation research and design a demonstration facility; reimburse employee compensation fund and program savings in paper work management and public relations.....	12,959,000	13,550,000	591,000
Mining - Transfer methane control to Health Safety and program savings in paper work management and public relations.....	7,940,000	4,900,000	-3,040,000
Marine Mineral Mining - Transferred to NOAA.....	290,000	--	- 290,000
Explosives - No change	693,000	693,000	--
Resource Development:			
Minerals - Wilderness mineral surveys - National forests; to support National Materials Policy Act of 1970; transfer of Missouri River Basin funds and program savings in paper work management and public relations.....	4,705,000	5,593,000	888,000
No change in other resource development activities, statistics economic analysis, bituminous coal, anthrocite, petroleum and international activities.....	7,088,000	7,088,000	--
Total, Conservation and Development of Mineral Resources	47,698,000	46,094,000	-1,604,000
Health and Safety:			
Inspection investigations and rescue work			
To finance Mines Share of expenses for the Interim Compliance Panel.....	--	600,000	600,000
To increase inspections of metal and non-metal mines and related training activity.....	5,794,000	7,694,000	1,900,000

STATEMENT OF INCREASES AND DEC. ES 1971 - 1972

BUREAU OF MINES	Amount Available 1971	Estimate 1972	Increase or Decrease
Inspection investigations and rescue work: (Cont'd)			
Non-recurring appropriation for planning design for preliminary work on H&S training facility ($500,000) and savings in paper work and public relations	570,000	--	-570,000
No change in other inspection/investigation/rescue work	29,925,000	29,925,000	--
	36,289,000	38,219,000	1,930,000
Control of fires in coal deposits:	222,000	222,000	--
Health and Safety Research:			
To expand health research for coal mines	5,689,000	7,489,000	1,800,000
To expand safety research for coal mines	14,545,000	19,230,000	4,685,000
To expand H&S research for metal and non-metal mines	505,000	2,905,000	2,400,000
Transfer of methane control from Conservation and Development of Mine Resources	--	3,010,000	3,010,000
Savings due to paper work management and public relations	55,000	--	- 55,000
	20,794,000	32,634,000	11,840,000
Total, Health and Safety	57,305,000	71,075,000	13,770,000
Helium Fund			
Helium fund will not request funds for 1972 pending determination of the future of the program. An amount of $57,200,000 is proposed for separate transmittal	50,000,000	--	-50,000,000
General Administrative Expenses:			
Transferred to NOAA $5,000	1,881,000	1,876,000	-5,000
Total, Bureau of Mines	156,884,000	119,045,000	-37,839,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

	Amount Available 1971	Estimate 1972	Increase or Decrease
Office of Coal Research			
Administration and contract supervision:			
One additional position for better administration	$515,000	$545,000	$ 30,000
Contract Research:			
Advancement of 2 projects to pilot-plant stage	16,645,000	20,455,000	3,810,000
TOTAL, OFFICE OF COAL RESEARCH	17,160,000	21,000,000	3,840,000
Office of Oil and Gas			
Coordination of oil and gas activities:			
Activation of previously authorized positions	753,000	853,000	100,000
Oil Import Administration:			
Expanded compliance inspection and surveillance program, six new jobs	459,000	576,000	117,000
Oil Import Appeals Board:			
One petroleum economist	26,000	66,000	40,000
TOTAL, OFFICE OF OIL AND GAS	1,238,000	1,495,000	257,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF SPORT FISHERIES AND WILDLIFE	Amount Available 1971	Estimate 1972	Increase or Decrease
Management and Investigations of Resources:			
Fish Hatcheries:			
Savings in public relations	24,000	--	-24,000
Savings in paper work management	26,000	--	-26,000
Expanded operations at 9 hatcheries and the Tehame-Colusa spawning channels	3,549,000	3,879,000	330,000
Decrease in planning funds for the National Fisheries Center and Aquarium	530,700	330,700	-200,000
Other programs	6,908,300	6,908,300	--
Total, Fish Hatcheries	11,038,000	11,118,000	80,000
Wildlife Refuges:			
Savings in public relations	41,000	--	-41,000
Savings in paper work management	80,000	--	80,000
Alaska refuge programs	589,800	739,800	150,000
Wilderness studies	425,000	525,000	100,000
Operation of new facilities	--	398,266	398,266
Employees compensation payments	151,008	197,235	46,227
Other programs	17,459,699	17,459,699	--
Total, Wildlife Refuges	18,746,507	19,320,000	573,493
Soil and Moisture Conservation:	767,000	767,000	--
Management and Enforcement:			
Savings in public relations	11,000	--	-11,000
Savings in paper work management	9,000	--	-9,000
To meet deficiency in law enforcement funds available for existing programs	--	200,000	200,000
Enforcement of Endangered Species Conservation Act	75,000	300,000	225,000
Other programs	4,669,000	4,669,000	--
Total, Management and Enforcement	4,764,000	5,169,000	405,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF SPORT FISHERIES AND WILDLIFE	Amount Available 1971	Estimate 1972	Increase or Decrease
Management and Investigations of Resources: (Cont'd)			
Fishery Research:			
Savings in public relations	11,000	--	-11,000
Savings in paper work management	9,000	--	-9,000
Net program reduction due to transfer of Great Lakes and reservoir programs from BCF and transfer of marine gamefish programs to NOAA	116,750	--	-116,750
Effects of thermal additions on reservoir fishery resources	--	80,000	80,000
Great Lakes sport fishery investigations	1,109,000	1,359,000	250,000
Other Programs	3,860,000	3,860,000	--
Total, Fishery Research	5,105,750	5,299,000	193,250
Wildlife Research:			
Savings in public relations	21,000	--	-21,000
Savings in paper work management	19,000	--	-19,000
Maintain capacity of bird banding office and automatic data processing for water fowl	2,413,000	2,513,000	100,000
Maintain the capacity of bird banding office and automatic data processing for other migratory game birds	441,000	541,000	100,000
Develop aids to identify foreign endangered species	291,000	341,000	50,000
Endangered species coordination, protection and selection of habitat	602,000	702,000	100,000
Investigate effects of environmental pollutants on wildlife and their habitats	207,000	407,000	200,000
Increase funds for 18 Cooperative Research Units	872,000	962,000	90,000
Other programs	4,432,000	4,432,000	--
Total, Wildlife Research	9,298,000	9,898,000	600,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF SPORT FISHERIES AND WILDLIFE	Amount Available 1971	Estimate 1972	Increase or Decrease
Management and Investigations of Resources: (Cont'd)			
Pesticides Review: The pesticides registration function of this activity was transferred to EPA. The pesticide monitoring and the environmental coordination functions were transferred to other activities within the Management and Investigations of Resources appropriation	480,038	--	-480,038
TOTAL, MANAGEMENT AND INVESTIGATIONS OF RESOURCES	58,620,295	62,429,000	3,808,705
Construction:			
Sportfish Facilities: This program will be conducted at a lower level in FY 1972	2,866,000	2,175,000	-691,000
Wildlife Facilities: This program will be conducted at a lower level in FY 1972	2,278,000	2,265,000	-13,000
TOTAL, CONSTRUCTION	5,144,000	4,440,000	-704,000
General Administrative Expenses:			
Departmental Expense	260,000	260,000	--
Regional Office Expenses	1,775,000	1,775,000	--
TOTAL, GENERAL ADMINISTRATIVE EXPENSES	2,035,000	2,035,000	--
Anadromous and Great Lakes Fisheries Conservation:			
Payments to Cooperators	2,105,000	2,105,000	--
Administration	216,000	216,000	--
TOTAL, ANADROMOUS AND GREAT LAKES FISHERIES CONSERVATION	2,321,000	2,321,000	--

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF SPORT FISHERIES AND WILDLIFE Management and Investigations of Resources: (Cont'd)	Amount Available 1971	Estimate 1972	Increase or Decrease
Fishery Services:			
Savings in public relations	6,000	--	-6,000
Savings in paper work management	4,000	--	-4,000
Increased technical fishery management assistance to Indian tribes and Federal areas in Alaska	1,368,000	1,493,000	125,000
Increase effectiveness of 23 existing cooperative fishery units	1,074,000	1,189,000	115,000
Increase includes $216,000 transferred from the Pesticides Review activity; $50,000 is for additional analyses of mercury and other pollutants	--	266,000	266,000
Total, Fishery Services	2,452,000	2,948,000	496,000
Wildlife Services:			
Savings in public relations	9,000	--	-9,000
Savings in paper work management	31,000	--	-31,000
Field projects on rare or endangered species	--	50,000	50,000
Increase includes $132,000 transferred from Pesticides Review activity; $50,000 increase is for environmental monitoring and appraisal program	--	182,000	182,000
Expand blackbird control effort	80,000	130,000	50,000
Other programs	3,759,000	3,759,000	--
Total, Wildlife Services	3,879,000	4,121,000	242,000
River Basin Studies:			
Expanded studies of environmental impacts of water resources programs (including $334,000 transfer from Reclamation)	2,090,000	3,290,000	1,200,000
Increase includes $50,000 transferred from Pesticides Review activity and $200,000 is to expand the environmental coordination staff	--	250,000	250,000
Conduct comprehensive river basin studies of Southeast New England and Long Island Sound	--	249,000	249,000
Total, River Basin Studies	2,090,000	3,789,000	1,699,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

NATIONAL PARK SERVICE	Amount Available 1971	Estimate 1972	Increase or Decrease
Forestry and Fire Control:			
Forest Management	298,400	298,400	--
Fire Protection Service	1,915,800	1,915,800	--
Tree Preservation			
Transferred to "Maintenance and Rehabilitation of Physical Facilities" appropriation	120,000	--	-120,000
Forest Fire Suppression and Rehabilitation of Bureau Areas			
Provide estimated cost of fire suppression and rehabilitation	100,000	1,100,000	1,000,000
Total, Forestry and Fire Control	2,434,200	3,314,200	880,000
Park and Recreation Programs:			
Cooperative Activities:			
Accelerate the master planning program to support accelerated wilderness studies	1,741,700	1,791,700	50,000
Accelerate the Wilderness Act studies	313,500	368,500	55,000
Continue park and recreation planning assistance in the Missouri River Basin formerly funded by Reclamation	--	104,000	104,000
Other Programs	575,700	575,700	--
Total, Cooperative Activities	2,630,900	2,839,900	209,000
Land and Water Resources Studies	732,600	732,600	--
Archeological Investigations and Salvage			
Transfer to the "Preservation of historic properties" appropriation	875,000	--	-875,000
New Area Studies	436,000	386,500	-49,500
Southern Florida Environmental Study	1,000,000	1,000,000	--
Total, Park and Recreation Programs	5,674,500	4,959,000	-715,500
TOTAL, MANAGEMENT AND PROTECTION	63,471,800	67,604,000	4,132,200

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

BUREAU OF SPORT FISHERIES AND WILDLIFE	Amount Available 1971	Estimate 1972	Increase or Decrease
Migratory Bird Conservation Account:			
Acquisition of Refuges and Other Areas.....	7,500,000	7,500,000	--
TOTAL, BUREAU OF SPORT FISHERIES AND WILDLIFE.....	75,620,295	78,725,000	3,104,705

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

NATIONAL PARK SERVICE	Amount Available 1971	Estimate 1972	Increase or Decrease
Management and Protection:			
Management of Park and Other Areas:			
National Parks, Monuments, etc:			
Provide a portion of need for operations at acceptable standards of new or recently authorized areas (those placed in operation since 1/1/60)	--	985,800	985,800
Operation of new facilities at 3 areas	--	47,800	47,800
Provides for bear management at Yellowstone National Park and transportation of visitors at Yosemite National Park	--	125,000	125,000
Provide a portion of the need for operations at acceptable standards in areas operating prior to 1/1/60	--	3,126,100	3,126,100
Nonrecurring payment to Plymouth-Provincetown Celebration Commission	100,000	--	-100,000
Savings in public relations programs	130,500	--	-130,500
Savings in paper work management	170,000	--	-170,000
Other Programs	53,361,400	53,361,400	--
Total, National Parks, Monuments, etc	53,761,900	57,646,100	3,884,200
Concessions Management	408,800	408,800	--
Informational Publications	785,100	785,100	--
Employees' Compensation Fund Payments	319,300	365,800	46,500
Roosevelt Campabello International Park Commission	88,000	125,000	37,000
Total, Management of Parks and Other Areas	55,363,100	59,330,800	3,967,700

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

NATIONAL PARK SERVICE	Amount Available 1971	Estimate 1972	Increase or Decrease
Maintenance and Rehabilitation of Physical Facilities:			
Roads and Trails and Buildings, Utilities and Other Facilities:			
Wage rate increases	--	2,000,000	2,000,000
Provide a portion of the need for operations at acceptable standards of new and recently authorized areas (those placed in operation since 1/1/60)	--	791,300	791,300
Operation of new facilities at 5 areas	--	111,900	111,900
Bear Management at Yellowstone National Park	--	50,000	50,000
Provide a portion of the need for operations at acceptable standards in areas operating prior to 1/1/60	--	2,598,300	2,598,300
Transfer of the tree preservation work from "Forestry and Fire control" activity, "Management and protection" appropriation	--	120,000	120,000
Savings in paper work management	258,000	--	-258,000
Other Programs	50,138,500	50,138,500	--
TOTAL, MAINTENANCE AND REHABILITATION OF PHYSICAL FACILITIES	50,396,500	55,810,000	5,413,500
General Administrative Expenses:			
Departmental Expense	2,039,200	2,039,200	--
Regional Office Expenses	1,736,800	1,736,800	--
TOTAL, GENERAL ADMINISTRATIVE EXPENSES	3,776,000	3,776,000	--
Preservation of Historic Properties:			
Historic Preservation and Special Studies..... Grants-in-aid	5,980,000	5,980,000	--
Maintenance of the National Register and Administration of Grant-in-aid Program.... Provide for computer processing of data for the National Register	199,300	234,300	35,000
Advisory Council on Historic Preservation Support Additional support to Advisory Council on Historic Preservation	106,400	126,400	20,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

NATIONAL PARK SERVICE	Amount Available 1971	Estimate 1972	Increase or Decrease
Historic Sites Survey	220,500	220,500	--
Historic American Buildings Survey	225,500	225,500	--
Historic American Engineering Record	120,300	120,300	--
Archeological Investigations and Salvage			
Transfer of the Archeological investigations and salvage subactivity from "Park and recreation programs" activity, "Management and Protection" appropriation	--	875,000	875,000
Continue the archeological investigations and salvage work in the Missouri River Basin formerly funded by Reclamation	--	314,000	314,000
Total, Archeological Investigations and Salvage	--	1,189,000	1,189,000
TOTAL, PRESERVATION OF HISTORIC PROPERTIES	6,852,000	8,096,000	1,244,000
Construction:			
Buildings Utilities, and Other Facilities			
The increase is mainly for construction of air and water pollution abatement, waste treatment facilities and projects in anticipation of the American Revolution Bicentennial	18,179,000	37,359,000	19,180,000
Acquisition of water rights	500,000	500,000	--
TOTAL, CONSTRUCTION	18,679,000	37,859,000	19,180,000
Parkways and Road Construction (Liquidation of Contract Authority)	17,650,000	18,500,000	850,000
TOTAL, NATIONAL PARK SERVICE	160,825,300	191,645,000	30,819,700

58-160 O - 71 - pt. 1 --11

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

OFFICE OF SALINE WATER	Amount Available 1971	Estimate 1972	Increase or Decrease
Research and Development	$ 15,075,000	$ 15,675,000	$ 600,000
Operating Expenses - Reflects an increased emphasis in distillation and environmental research and development programs.			
Test Beds and Facilities	5,400,000	7,385,000	1,985,000
Acquisition of two new Reverse Osmosis Test Bed Plants.			
Modules	5,595,000	1,425,000	-4,170,000
Nonrecurring cost of the VTE/MSF module at San Diego, California, and reduced requirements for modifications to the MSF module also at San Diego.			
Administration and Coordination	2,503,000	2,540,000	37,000
Two new positions and increased cost of administrative support items.			
TOTAL, OFFICE OF SALINE WATER	28,573,000	27,025,000	-1,548,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

	Amount Available 1971	Estimate 1972	Increase or Decrease
Office of Water Resources Research			
Assistance to States for Institutes:			
Allotments to the 50 States and Puerto Rico	$5,100,000	$5,100,000	$ --
Matching Grants to Institutes:			
Matching grants for approved research projects	3,000,000	3,000,000	--
Additional Water Research:			
Added emphasis to research metropolitan water problems	3,500,000	4,500,000	1,000,000
Water Resources Scientific Information Center:			
Improved program for disseminating research results	816,000	912,000	96,000
Administration:			
Increased workload associated with expanded programs	805,000	923,000	118,000
TOTAL, OFFICE OF WATER RESOURCES RESEARCH ...	13,221,000	14,435,000	1,214,000

STATEMENT OF INCREASES AND DECREASES 1971 - 1972

	Amount Available 1971	Estimate 1972	Increase or Decrease
Office of the Solicitor			
Legal Services:			
Increases for Indian Civil Rights project and funding of Pawhuska Field Office	$6,559,256	$6,528,000	$ -31,256
TOTAL, OFFICE OF THE SOLICITOR	6,559,256	6,528,000	-31,256

STATEMENT OF INCREASES AND DECREAS. 1971 - 1972

OFFICE OF THE SECRETARY	Amount Available 1971	Estimate 1972	Increase or Decrease
Salaries and Expenses			
Departmental Direction: Increase for equal opportunity program, 20 jobs and $445,000; other staff funds, $76,500, offset by transfers to NOAA and EPA in amount of $17,416	2,520,916	3,025,000	504,084
Program Direction and Coordination: Increases for Assistant Secretary, Mineral resources, $50,000, Public Land Management, $35,000; and for Minerals and Solid Fuels, $89,000; other staff funds, $26,000; offset by base transfer to NOAA and EPA, $167,700	1,676,700	1,709,000	32,300
Administrative Management: Program increases for survey and review, $55,000; Management operations, $21,000; plus current staff fund increase of $124,000 offset by transfer to NOAA and EPA, $98,659	4,947,859	4,049,200	101,341
Natural Resources Library: Increased operating costs $17,000 offset by $26,800 transfer to NOAA and EPA	921,900	912,100	-9,800
Office of Hearings and Appeals: Annualization of current year activities and 24 new positions and supporting costs	2,502,000	2,843,500	341,500
General Services: Increased cost of operations	234,200	264,200	30,000
Total, Office of the Secretary	12,803,575	13,803,000	999,425
Salaries and Expenses(Special Foreign Currency Program): Initiate research programs in Yugoslavia and Poland	--	500,000	500,000
Grand Total, Office of the Secretary	12,803,575	14,303,000	1,499,425

PARK SERVICE ACTIVITIES

Mrs. HANSEN. One of the larger increases in your budgt estimate for 1972 relates to the activities of the National Park Service. At this time, do you foresee any material change in the activities of that bureau in fiscal year 1972 in addition to those which you have already discussed?

Secretary MORTON. No; I think we have very well outlined it.

REORGANIZATION PLANS 3 AND 4—EFFECT AT SECRETARIAL LEVEL

Mrs. HANSEN. One of the larger bureaus of your Department, the Federal Water Quality Administration, has been transferred from Interior to the Environmental Protection Agency. Offhand, it would appear this would materially decrease the workload of your office and the Office of the Solicitor in 1972, but I notice there is a decrease of only $0.5 million for the Office of the Solicitor and an increase of $2.2 million for the Office of the Secretary in 1972. May we have your comments, please.

Mr. HITE. Madam Chairman, with the departure under Reorganization Plan 3 of Federal Water Quality we also had a reduction in the Office of the Solicitor of $227,500. The Solicitor's budget, which we will justify to you in more detail at that hearing, contains some counterbalancing increase requests. But this amount is annualized in the 1972 budget.

I can speak a little more directly to the Office of the Secretary. We lost there pursuant to the transfer of Federal Water Quality $319,200, an additional $300,000 with the departure of the Bureau of Commercial Fisheries.

These are offset to a large degree by our request for increases to support our Office of Hearings and Appeals, which is newly constituted, and for additional positions in our Office of Equal Opportunity.

OFFICE OF HEARINGS AND APPEALS

Mrs. HANSEN. What areas will your Office of Hearings and Appeals cover?

Mr. HITE. This is a consolidation of our quasi-judicial activity currently existing in the Department such as the Board of Contract Appeals, the Board of Indian Probate, the Board of Land Appeals, and, of course, the big new integral part of this element is the Office of Coal Mine Health and Safety Appeals and Metal and Nonmetallic Mine Board of Appeals.

PERMANENT APPROPRIATIONS

Mrs. HANSEN. Please insert in the record the justification for the permanent appropriations.

(The information follows:)

BUREAU OF LAND MANAGEMENT

Miscellaneous permanent appropriations

Appropriated, 1971 (estimate)	$87,260,000
Estimate, 1972	94,041,000
Increase	6,781,000

JUSTIFICATION

1. Payments to Oklahoma (royalties) (receipts limitation), $1,000. The joint resolution of Congress approved June 12, 1926, provides for payment to the State of Oklahoma of 37½ percent of oil and gas royalties received from the south half of the Red River, Oklahoma. The payment is in lieu of all State and local taxes upon Kiowa, Comanche, and Apache tribal funds received from such lands under the Act of March 4, 1923 (42 Stat. 1448), and is to be used by the State for the construction and maintenance of public roads, or for the support of public roads, or for the support of public schools, or other institutions of learning (44 Stat. 740). The estimate is an increase of $1,000 from FY 1971.

2. Payments to Coos and Douglas Counties, Oregon, from receipts, Coos Bay Wagon Road grant lands, $600,000. Not to exceed 75 percent of the receipts in any one year from the Coos Bay Wagon Road grant lands in Oregon are for payment annually, in lieu of taxes, to Coos and Douglas Counties, as provided in the Act of February 26, 1919 (40 Stat. 1179), and the Act of May 24, 1939 (53 Stat. 753-754).

3. Payments to Counties, Oregon and California grant lands, $36,000,000. In accordance with Title II of the Act of August 28, 1937 (50 Stat. 874, 43 U.S.C. 1181f), 75 percent of the moneys deposited in the Oregon and California land-grant fund is to be paid to the counties in which the revested lands are situated. However, the "Oregon and California Grant Lands" appropriation of the Bureau of Land Management provides that 25% of the receipts collected from sale of timber and other products on the O&C lands are available for construction, operation, maintenance of access roads, reforestation, and other improvements on the O&C lands and other Federal lands in the Oregon and California land-grant counties of Oregon. The amount appropriated will be a reimbursable charge against the Oregon and California land grant fund and be reimbursed to the general fund of the Treasury from amounts otherwise payable to the counties. The estimate is an increase of $6,598,000 resulting from timber cutting activity in Western Oregon.

4. Payments to States (grazing fees on ceded Indian land), $2,000. The States are paid 33-1/3% of the fees from each grazing district on Indian lands ceded to the United States for disposition under the public land laws within the State's boundaries (43 U.S.C. 315j).

5. Payments to States (proceeds of sales) (receipt limitation), $268,000. Under various Acts of Congress including 31 U.S.C. 711, States receive for education, roads and improvements, 5% of the proceeds of sales of public lands and of various materials from the public land after deducting all the expenses incident to sale. The estimate is an increase of $27,000 over FY 1971; reflecting an anticipated increase in receipts.

6. Payments to States from grazing receipts, etc., public lands outside grazing districts, $416,000. States are paid 50 percent of moneys received as grazing fees from public lands outside grazing districts, under the provisions of section 10 of the Act of June 28, 1934, as amended (43 U.S.C. 315i, 315m). The estimate is an increase of $50,000 over FY 1971.

7. Payments to States from grazing receipts, etc., public lands within grazing districts, $549,000. Under the provisions of section 10 of the Act of June 28,

1934, (43 U.S.C. 315b, 315i), 12½% of receipts from grazing fees from public lands within grazing districts is paid to States in which the lands are situated. The estimate is an increase of $165,000 over FY 1971.

8. Payments to States from grazing receipts, etc., public lands within grazing districts, miscellaneous, $5,000. The States are paid such amounts from grazing fees on miscellaneous lands within grazing districts when fees are not susceptable to a standardized and uniform distribution on a percentage basis (43 U.S.C. 315). The estimate is an increase of $2,000 over FY 1971.

9. Payments to States from receipts under Mineral Leasing Act, $54,778,000. Alaska is paid 90% and other States are paid 37½% of receipts from bonuses, royalties, and rentals under the provision of the Mineral Leasing Act (30 U.S.C. 191), and 37½% of receipts from bonuses, royalties, and rentals from leases of potash deposits under the Act of February 7, 1927, (30 U.S.C. 285). The estimate is a decrease of $166,000 from FY 1971.

10. Payments to counties, national grasslands, $218,000. Counties in which submarginal lands, under the Bankhead-Jones Farm Tenant Act of July 22, 1937 (50 Stat. 525, 7 U.S.C. 1010) transferred to the jurisdiction of the Department by Executive Order 10787, dated November 6, 1958, are located, are paid 25 percent of net revenues received during each calendar year from the use of such lands; such funds to be used for school or road purposes or both (7 U.S.C. 1012). The estimate is an increase of $27,000 over FY 1971.

11. Expenses, Public Land Administration Act, $1,202,000. Public Law 86-649 of July 14, 1960 (43 U.S.C. 1381-1383) permanently appropriated to the Secretary of the Interior moneys received as a result of forfeitures by timber sale contractors for failure to restore areas damaged by cutting operations and other amounts received in settlement of damage to timber lands and moneys received from road users for road maintenance. The amounts appropriated remain available until expended. Any amounts in excess of the cost of doing the work authorized are transferred to miscellaneous receipts (74 Stat. 507-508). The same amount as appropriated in FY 1971 is estimated for FY 1972.

12. Litter prevention and cleanup, Bureau of Land Management, $2,000. Public Law 91-419, approved September 25, 1970, permanently appropriated certain moneys to the Secretary of the Interior. Royalty fees for the manufacture, reproduction, or use of the character "Johnny Horizon" will be used for public service antilitter programs to maintain the beauty and utility of the Nation's public lands (18 U.S.C. 714).

DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
CLAIMS AND TREATY OBLIGATIONS

Statement Relating 1970, 1971, and 1972 Programs

1970 appropriation.....	$ 225,422
1971 appropriation - estimate.....	161,000
1972 appropriation - estimate.....	161,000

JUSTIFICATION

Claims and treaty obligations - $161,000.

A. Fulfilling treaties with Senecas of New York - $6,000.

This is a permanent annuity made pursuant to a provision in the Act of February 19, 1831, which reads as follows:

> "That the proceeds of the sum of $100,000 being the amount placed in the hand of the President of the United States in trust for the Seneca Tribe of Indians situated in the State of New York, be hereafter passed to the credit of the Indian appropriation fund, and that the Secretary of War be authorized to receive and pay over to the Seneca Tribe of Indians the sum of $6,000 annually in the way and manner as heretofore practiced, to be paid out of any money in the Treasury not otherwise appropriated."

This money is paid in equal share to about 5,361 members of the Seneca Nation, and any small balance is deposited to the credit of the tribe.

B. Fulfilling treaties with Six Nations of New York - $4,500.

The Six Nations comprise the Senecas, Tonawanda Band of Senecas, Tuscarora, Onondago, Oneida, and Cayuga Tribes. This appropriation is made annually in fulfillment of treaty obligations for permanent annuity in accordance with the Act of November 11, 1794, which reads in part as follows:

> "In consideration of the peace and friendship hereby established *** and with a view to promote the future welfare of the Six Nations and of their Indian friends aforesaid, the United States will add the sum of $3,000 to the $1,500 heretofore allowed them by an article ratified by the President on the 23rd day of April, 1792, making in whole $4,500, which shall be expended yearly forever in purchasing clothing, domestic animals, implements of husbandry and other utensils suited to their circumstances, and in compensating useful artificers who shall reside with or near them and be employed for their benefit."

Approximately $2,700 is allocated annually to the New York Indians and is utilized for the purchase of dress goods; the remainder, approximately

$1,800 is distributed per capita to the Oneida Indians under the jurisdiction of the Great Lakes Agency, Wisconsin.

C. Fulfilling treaties with Pawnees, Oklahoma - $30,000.

This sum is to pay the permanent annuity to the Pawnees, as required by Article 2 as amended, of the treaty of September 24, 1857. As amended, this article provides:

> "The United States agrees to pay to the Pawnees the sum of $30,000 per annum, as a perpetual annuity to be distributed annually among them per capita, in coin unless the President of the United States shall from time to time otherwise direct. But it is further agreed that the President may, at any time in his discretion, discontinue said perpetuity by causing a value of a fair computation thereof to be paid to or expended for the benefit of said Indians in such manner as to him shall seem proper."

D. Payments to Indians of Sioux Reservation - $120,500.

This is an annual charge against the general fund of the Treasury, the amount being indefinite until applications are made and approved.

The Act of March 2, 1889, provides for the issue of certain articles necessary to aid individual Sioux Indians in industrial pursuits, particularly on their own allotments. Later, by the Act of June 10, 1896, authority was granted to compute the value of the articles named and to pay these Indians cash in lieu thereof. Payments made under this appropriation are commonly referred to as "Sioux Benefits" and can be made only upon application of the individuals entitled thereto. When cash payments are made, funds are used for purposes of direct benefit to the individual involved, including the purchase of farm equipment or livestock, and home improvement.

The legal authority for these payments is found in the Act of March 2, 1889, section 17 (25 Stat. 894); Act of June 10, 1896 (29 Stat. 334); and the Act of June 21, 1906 (34 Stat. 326).

DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
MISCELLANEOUS PERMANENT APPROPRIATIONS

Statement Relating 1970, 1971, and 1972 Programs

1970 appropriation	$8,279,606
1971 appropriation - estimate	7,420,000
1972 appropriation - estimate	7,420,000

JUSTIFICATION

1. Acquisition of lands and loans to Indians in Oklahoma, Act of June 26, 1936 - $10,000.

It is estimated that $10,000 will be derived from mineral deposits underlying certain lands purchased in Oklahoma and will be used for the acquisition of lands and for loans to individual Indians, associations, or corporate groups of Indians residing in Oklahoma (25 U.S.C. 507).

2. Operation and maintenance, Indian irrigation systems - $4,130,000.

All funds requested under this appropriation are obtained from the collection of assessments against waterusers on the various projects and are deposited in the Treasury to the credit of the respective projects. By the expenditure of these funds, the various projects located on Indian reservations are maintained in good operating condition, thus permitting the facilities constructed by the Government to be utilized by the Indian and non-Indian landowners within the project who depend upon proper operations and maintenance of the projects for irrigation farming and subsistence.

The funds are used for operation of the irrigation systems to provide adequate water deliveries; for the annual cleaning of canals and laterals to remove silt, moss, and weed growth; for the repair and replacement of water control structures; for the operation and maintenance of reservoirs, dams, and pumping plants, including the purchase of electrical energy; for the purchase of materials and supplies and equipment used in operating and maintaining the irrigation system; for the maintenance, heating, and lighting of offices used for project administration and quarters occupied by project employees; for payment to the United States Geological Survey

for stream gaging and water recording services; for payment to other government agencies and irrigation districts for operation and maintenance of irrigation systems on Indian lands included and benefited; for the repair of flood damage and for all incidental and necessary expenses for the proper operation, maintenance, and administration of Indian irrigation projects. The policy in administration of Indian irrigation projects is to make the assessment rate for the various projects on a basis of actual costs.

3. Power systems, Indian irrigation projects, $3,280,000.

All funds under this permanent indefinite appropriation are from earned revenue deposited in the Treasury to the credit of the respective projects. This appropriation provides funds for the operation and maintenance of two hydrogenerating plants; a diesel power generating plant; transmission lines; distribution systems and pumping plants for the use of the project irrigation systems; the purchase of power for resale and for all necessary expenses for operation of power systems. The project power systems not only serve their primary purpose of furnishing electrical energy to the projects for irrigation and drainage pumping, but also furnish energy to mining and milling properties, public utilities and domestic consumers on the project proper, in nearby towns and villages, and in outlying farming areas. The energy supplied by these projects in many instances is the only source of electrical energy available to the customers. At present, there are approximately 9,600 domestic and commercial customers being served. A large number of potential customers have applied for electrical service.

The activities under the appropriation consist of operation, maintenance, and improvement of power systems built in connection with irrigation projects on the Gila River, Colorado River, and Flathead Indian Reservations. The facilities under these power projects consist in the aggregate of four generating plants of 17,620 KW capacity; over 1,767 miles of transmission system; 113 project pumping plants; and approximately 116 buildings used as quarters, power houses, and warehouses for both power and irrigation activities. Funds are used for payment of the salaries of power superintendents; power and pumping plant operators; line repair and maintenance crews; meter reading and reporting and a clerical force for billing and accounting for revenues; for the purchase of energy; and for the purchase and repair of equipment used on the power systems. Approximately 115 million kilowatt-hours are transmitted over all project transmission and distributary systems annually.

OFFICE OF TERRITORIES

Internal Revenue Collections for the Virgin Islands

Appropriated, 1970	$14,111,028
Appropriated, 1971	$16,095,044
Estimate, 1972	17,262,640
Increase 1972 compared with 1971	1,167,596

JUSTIFICATION

Under the provisions of Section 28(b) of the Revised Organic Act of the Virgin Islands, Public Law 517, 83rd Congress, approved July 22, 1954, the Treasury Department is authorized to transfer customs duties and certain taxes into the Treasury of the Virgin Islands, to be available for expenditure as prescribed therein.

The Internal Revenue collections available to the Virgin Islands for the fiscal year 1971 under the provisions of the Revised Organic Act amount to $16,095,044. It is estimated that $17,262,640 will be available in the fiscal year 1972. Any balance of Internal Revenue collections remaining after the amount equal to the revenue collected in the Virgin Islands has been transferred will be deposited into the Treasury as miscellaneous receipts.

Administration of Territories

Appropriated, 1970	$ 532,100
Appropriated, 1971	485,000
Estimate, 1972	787,360
Increase 1972 compared with 1971	302,360

JUSTIFICATION

P.L. 90-496 approved August 23, 1968 provided that the salaries and expenses of the Government Comptroller of the Virgin Islands shall be paid from "Internal Revenue Collections for the Virgin Islands" appropriation, effective as of the date of the Act. Prior to the enactment of P.L. 90-496 these expenses were financed from the Administration of Territories appropriation. Government Comptroller expenses financed in accordance with this act are $292,700, $367,000 and $437,360 for fiscal years 1970, 1971 and 1972, respectively.

Public Law 90-497, approved September 11, 1968, established a Comptroller's Office for Guam and provided for the payment of estimated expenses from funds otherwise covered into the Treasury of Guam, pursuant to Section 30 of the Organic Act of Guam (64 Stat. 384, 386; 48 U.S.C. 1422). Government Comptroller expenses financed in accordance with this act are $239,400, $118,000 and $350,000 for fiscal years 1970, 1971 and 1972, respectively.

GEOLOGICAL SURVEY

Permanent Appropriation

Appropriated, 1970	$1,529
Estimate, 1971	-
Estimate, 1972	-

JUSTIFICATION

Payments from Proceeds, Sale of Water, Mineral Leasing Act of 1920, Sec. 40(d), Geological Survey

When lessees or operators drilling for oil and gas on public lands strike water, water wells may be developed by the Department from proceeds from the sale of water from existing wells (30 U.S.C. 221-229). No obligations are anticipated in 1972.

BUREAU OF SPORT FISHERIES AND WILDLIFE

MIGRATORY BIRD CONSERVATION ACCOUNT

1971 appropriation (estimated receipts for F.Y. 1971)..... $6,000,000
1972 appropriation (estimated receipts for F.Y. 1972)..... $6,000,000

Receipts from the sale of Federal migratory bird hunting stamps under the Migratory Bird Hunting Stamp Act of March 16, 1934 (16 U.S.C. 718) are available exclusively for payment of Post Office Department expenses of printing and selling stamps; the location, ascertainment, and acquisition of suitable areas for migratory bird refuges under the provisions of the Migratory Bird Conservation Act, and the acquisition of waterfowl production areas under the Migratory Bird Hunting Stamp Act. Estimated receipts to the Migratory Bird Conservation Account in 1971 are $6,000,000, to be derived from sales of 2,000,000 migratory bird hunting stamps at $3. Estimated receipts from sales of these hunting stamps are $6,000,000 for 1972.

Obligations for acquisition of waterfowl habitat in fiscal year 1970 from hunting stamp receipts of $6,107,280 and the $5,800,000 advance covered 59,186 acres of wetlands in fee, 100,411 acres in easements, and the lease of 31,339 acres. The appropriation for 1971 of $13,500,000 ($6,000,000 estimated stamp receipts and a $7,500,000 advance) will acquire an estimated 68,000 acres in fee, and 98,000 acres of wetlands will be placed under easements. The estimate for 1972 of $13,500,000 ($6,000,000 estimated stamp receipts and a $7,500,000 advance) will provide for acquisition of an estimated 148,000 acres of which 72,000 acres will be purchased in fee and 76,000 acres will be placed under easements. The total program is distributed as follows:

	1971 Estimate	Increase or Decrease	1972 Estimate	Advance to M.B.C.A.	Total 1972 Estimate
1. Printing and sale of hunting stamps.....	$ 272,000	$+54,000	$ 326,000	...	$ 326,000
2. Acquisition of refuges and other areas:					
a. Realty costs.....	962,000	+10,000	972,000	$1,175,000	2,147,000
b. Engineering costs..	349,000	+14,000	363,000	482,000	845,000
c. Biological work....	65,000	+7,000	72,000	13,000	85,000
d. Administrative cost	92,000	...	92,000	5,000	97,000
e. Land acquisition costs.....	4,260,000	-85,000	4,175,000	5,825,000	10,000,000
Total.....	6,000,000	...	6,000,000	7,500,000	13,500,000

The functions of the above activities follow:

1. Printing and sale of hunting stamps - $326,000. Payment to Post Office Department.
2. Acquisition of refuges and other areas - $13,174,000. (a) Realty costs - $2,147,000. Includes location, ascertainment, appraisal of areas; presentation to Migratory Bird Conservation Commission; negotiations; title verification and clearance, and other expenses incident to vesting title in the United States; (b) Engineering costs - $845,000. Includes preparation of preliminary development plans; outline specifications, estimates, topographic maps; engineering studies, water rights investigations; and surveys incident to vesting title in the United States; (c) Biological work costs - $85,000. Includes location and ascertainment of suitable areas; preparation of preliminary management plans and estimates; and costs incident to preparation of cases to Migratory Bird Conservation Commission; (d) Administrative costs - $97,000. Includes executive direction and general

administrative services attributable to the program; (e) Land acquisition costs - $10,000,000. Includes rental of areas, water rights, rights-of-way, easements, relocation expenses of owners, and other direct costs of acquiring areas or rights and interests therein.

DEPARTMENT OF THE INTERIOR
BUREAU OF SPORT FISHERIES AND WILDLIFE

FEDERAL AID IN FISH RESTORATION AND MANAGEMENT

Statement Relating Appropriation Estimate to Current Appropriation

1971 appropriation (receipts for fiscal year 1970).....	$13,924,091
1972 estimate (estimated receipts for fiscal year 1971).....	16,500,000

JUSTIFICATION

The Act of August 9, 1950, commonly known as the Dingell-Johnson Act (16 U.S.C. 777a-k) authorizes the Secretary of the Interior to cooperate with the States through their respective fish and game departments in fish restoration and management projects. The Act authorizes appropriation of an amount equal to collections of the 10 percent manufacturer's excise tax on fishing rods, creels, reels, artificial lures, etc. There is authorized to be deducted from amounts so appropriated not to exceed 8 percent for expenses of administration of the Act. The remainder is apportioned to the States on the basis of a formula which takes into account the land area and number of persons holding paid fishing licenses. The Act provides for 1 percent minimum and 5 percent maximum apportionments to the States and fixed apportionments of $10,000 each to the Commonwealth of Puerto Rico, and the territories of Guam and the Virgin Islands. The States, the Commonwealth of Puerto Rico and the territories of Guam and the Virgin Islands have two years in which to obligate the apportionments. Any funds not obligated revert to the Bureau and are used for the sport fish research program.

The Federal Aid in Fish Restoration Act Amendment of 1970, (P.L. 91-503) revises the amounts to be made available to the Commonwealth of Puerto Rico and the territorial areas beginning with fiscal year 1972. It also provides an amount for American Samoa. Apportionments to these areas will be based on a percentage of the total made available for apportionment. The Commonwealth of Puerto Rico will receive 1 percent. Guam, the Virgin Islands and American Samoa will each receive one-third of 1 percent.

The 1972 program is $2,000,000 above 1971 as follows:

	F.Y. 1971 Estimate	F.Y. 1972 Estimate	Increase or Decrease (-)
1. Payments to States.-- States are reimbursed up to 75 percent of the cost of fish restoration and management projects, including research into fish culture; formulation of restocking plans; and acquisition and improvement of fish habitat. The Commonwealth of Puerto Rico and the territories of Guam and the Virgin Islands, and American Samoa beginning in 1972, are reimbursed 100 percent of the cost of such projects. Because of the rapid increase in receipts, the program is higher in 1972.....	$13,957,900	$16,019,200	$2,061,300

	F.Y. 1971 Estimate	F.Y. 1972 Estimate	Increase or Decrease (-)
2. Administration.--Administration of the Act includes apportionment of funds; examination and approval of fish restoration and management plans; processing of project agreement after approval of State plans, inspection of projects; making payments to States and auditing State expenditures; and coordinating research effort of the various States. Because of non-recurring National Survey of Hunting and Fishing, the program is decreased.....	$832,700	$771,400	$-61,300
3. Sport fish research.--Reverted funds are available for the sport fishery research program of the Bureau. The program in 1972 is at the same level as 1971.....	209,400	209,400	....
Total Program.....	15,000,000	17,000,000	2,000,000

DEPARTMENT OF THE INTERIOR
BUREAU OF SPORT FISHERIES AND WILDLIFE

FEDERAL AID IN WILDLIFE RESTORATION

Statement Relating Appropriation Estimate to Current Appropriations

1971 appropriation (receipts for fiscal year 1970).....	$32,805,725
1972 estimate (estimated receipts for fiscal year 1971)..	42,200,000

JUSTIFICATION

The Act of September 2, 1937, commonly known as the Pittman-Robertson Act (16 U.S.C. 669-669j) authorizes the Secretary of the Interior to cooperate with the States through their respective fish and game departments in wildlife restoration projects. The Act authorizes the setting aside in a special Federal Aid to Wildlife Restoration fund an appropriation of amounts equal to revenues received from the 11 percent manufacturer's excise tax on sporting firearms, shells and cartridges. An amount not to exceed 8 percent is authorized to be deducted for expenses of administration of the Act. The remainder is apportioned to the States on the basis of a formula which takes equally into account the land area and the number of persons holding paid hunting licenses. The Act provides for 1/2 of 1 percent minimum and 5 percent maximum apportionments to the States and fixed apportionments of $10,000 each to the Commonwealth of Puerto Rico and the territories of Guam and the Virgin Islands. The States and the Commonwealth of Puerto Rico and the territories of Guam and the Virgin Islands have two years in which to obligate the apportionments. Any funds not obligated revert to the Bureau and are used for carrying out the purposes of the Migratory Bird Conservation Act.

The Federal Aid in Wildlife Restoration Act Amendments of 1970, (P.L. 91-503) authorizes the setting aside of the 10 percent manufacturer's excise tax on pistols and revolvers into the Federal Aid in Wildlife Restoration fund beginning with 1971 tax receipts. One-half of these receipts are apportioned to each State based on population, and may be used to support hunter safety programs including the construction of target ranges. The amendment further revises the amounts to be made available to the Commonwealth of Puerto Rico and the territories of Guam and the Virgin Islands beginning with fiscal year 1972. Apportionments to the areas will be based on a percentage of the total made available for apportionment. The Commonwealth of Puerto Rico will receive one-half of 1 percent. Guam and the Virgin Islands will each receive one-sixth of 1 percent.

The 1972 program is at a $4 million level greater than 1971 as follows:

	F.Y. 1971 Estimate	F.Y. 1972 Estimate	Increase or Decrease (-)
1. Payments to States.-- States are reimbursed up to 75 percent of the cost of approved wildlife restoration projects including the acquisition and development of land or water areas and for wildlife management research and for maintenance of completed projects. The Commonwealth of Puerto Rico and the territories			

	F.Y. 1971 Estimate	F.Y. 1972 Estimate	Increase or Decrease (-)
of Guam and the Virgin Islands are reimbursed 100% of the cost of such projects. Beginning in 1972, States may also be reimbursed for up to 75% of the cost of hunter safety programs including construction of target ranges. Because of the increase in receipts the program is higher in 1972.....	$33,435,600	$37,661,500	$4,225,900
2. Administration.-- Administration of the Act includes apportioning funds; examining and approving State wildlife restoration project plans, specifications and estimates; processing project agreements; inspecting projects; making payments to States and auditing State expenditures; and coordinating research efforts of the various States. Because of non-recurring National Survey of Hunting and Fishing, the program is decreased...	2,264,400	2,038,500	-225,900
3. Carrying out Migratory Bird Conservation Act.-- Reverted funds are available to carry out the provisions of the Migratory Bird Conservation Act and supplements amounts available for wildlife research program of the Bureau. The 1972 program is at the same level as 1971.....	300,000	300,000	....
Total Program.....	36,000,000	40,000,000	4,000,000

DEPARTMENT OF THE INTERIOR
BUREAU OF SPORT FISHERIES AND WILDLIFE
NATIONAL WILDLIFE REFUGE FUND

Statement Relating Appropriation Estimate to Current Appropriation

1971 appropriation	$4,500,000
1972 appropriation	4,500,000

JUSTIFICATION

The Migratory Bird Conservation Act (16 U.S.C. 715s) authorizes the expenditure of revenues from the National Wildlife Refuge System. Revenues consist of receipts from the sale or other disposition of animals, timber, hay, grass or other products of the soil, minerals, shells, sand or gravel, from other privileges, or from leases for public accommodations or facilities on refuges. The Act authorizes deduction of necessary expenses incurred in connection with the revenue-producing measures and payment to participating counties of the larger of either 25% of new revenues of each refuge or 0.75% of the value of lands acquired in fee. The remainder of the receipts revenue is available for management of the National Wildlife Refuge System and for enforcement of the Migratory Bird Treaty Act.

The following table shows the program for FY 1970 through FY 1972.

	FY 1970	FY 1971	FY 1972
Receipts (current year)	$4,376,273	$4,500,000	$4,500,000
Unobligated from prior year	3,832,084	3,952,020	4,600,000
Total available	8,208,357	8,452,020	9,100,000
Less: Expenses for sales (from current year receipts)	498,713	500,000	500,000
Subtotal	7,709,644	7,952,020	8,600,000
Less: Payments to counties	2,020,831	2,082,782	2,683,000
Subtotal	5,688,813	5,869,238	5,917,000
Bureau programs	1,736,793	1,269,238 a/	1,317,000
Balance forward	3,952,020	4,600,000 a/	4,600,000

a/ $600,000 budgeted for application to Bureau programs.

The program for 1972 is as follows:

Expenses for sales - $500,000. The Act provides for payment of expenses incurred in connection with revenue-producing measures prior to distribution of the revenues. Examples of such expenses are salaries of foresters to cruise and mark timber for sale, auctioneer's fees, transportation of furs to auction houses, and labor and supplies for butchering and shipping buffalo. The program for 1972 is the same as in 1971.

Payments to counties - $2,683,000. The Act provides for participation of counties in net revenues. The distribution is 25% of net revenues or 0.75% of the value of lands acquired in fee in case of each refuge to be expended by the county for the benefit of the public schools and roads. When a refuge consists of reserved public lands and is situated in more than one county, the net receipts are prorated to each county in proportion to the area of the refuge in the particular county. The Act provides every five years for a re-examination of land values in order to reflect the current land cost levels. It is expected that land values will increase about 1/3 over applied levels. Thus, there is an increase of $600,218 in 1972.

Development and maintenance of wildlife refuges - $898,200. The receipts remaining after payments of expenses and distribution to counties are available to supplement funds provided for management of wildlife refuges in the appropriation Management and Investigations of Resources. The 1972 program reflects an increase of $47,762 from 1971.

Enforcement activities - $418,800. Net receipts are also available to supplement funds provided in Management and Investigations of Resources appropriation for enforcement of the Migratory Bird Treaty Act. The 1972 program is at the same level as 1971.

DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE
MISCELLANEOUS PERMANENT APPROPRIATIONS

Analysis by Appropriation

	Available 1971	Estimate 1972	Increase
1. Educational Expenses, Children of Employees, Yellowstone National Park	$113,700	$177,000	+63,300
2. Payment of Tax Losses on Land Acquired for Grand Teton National Park	12,000	23,000	+11,000
Total	125,700	200,000	+74,300

1. Educational expenses, children of employees, Yellowstone National Park: Fiscal year 1971, $113,700; fiscal year 1972, $177,000; increase, $63,300.

	Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	+$63,300	--	$177,000	--	To provide for increased costs in educational expenses of dependents of employees at Yellowstone National Park.

Need for increase: The increase requested consists of $2,600 to cover anticipated wage board increases to become effective during fiscal 1971; $12,700 to provide additional upkeep and maintenance of the school at Park headquarters; $48,000 to cover the prorata costs to the Government of children of employees who attend various public schools. The total estimate of $177,000 will provide during the schoolyear, for the services of janitors, firemen, and maintenancemen who will operate and maintain the elementary school facilities located at Park headquarters. The school facility will be 8½ years old by June 30, 1972. Major rehabilitation is required and will include interior painting, refinishing of floors, replacement of hot water tank, repairs to the heating plant and major roof repairs. These costs are in addition to utility and other minor maintenance costs that are essential to operate and maintain the building at an acceptable standard.

It also includes an amount for estimated tuition payments to the Yellowstone National Park School District and the Gardiner Public School Districts Nos. 4 and 7 for an increased number of enrollees, salary increase of teachers and related benefits, transportation services, and for updated books, supplies and equipment. The increased estimate also provides for the services of a full-time librarian-kindergarten teacher for the school at Park headquarters which will raise the level of the services at this facility to that available outside the Park.

Program of work: The Act of June 4, 1948 (62 Stat. 338) authorizes the Secretary of the Interior to make payments from visitor fees collected at the Park, to provide educational facilities to dependents of persons engaged in the administration, operation, and maintenance of Yellowstone National Park. The program provides free

NAVAJO COMMUNITY COLLEGE

Mrs. HANSEN. Mr. Secretary, there is the problem of the Navajo College that I would like to mention. Last year this committee saw fit to fund under existing Indian over-all educational authority $50,000 for the facility. There was a disagreement as to whether this activity was authorized.

We would like to participate in funding the Navajo College if the Interior and Insular Affairs Committee indicates that they will authorize this program. I wonder if the Department has considered enlarging your education program to include the Navajo College or similar institutions.

INDIAN EDUCATION SYSTEM

Secretary MORTON. The whole Indian education system is under scrutiny and discussion. We will discuss this whole matter with the authorization committee as well. Obviously we are interested in education. We don't want to get into a hassle between the two committees of Congress.

Mrs. HANSEN. This committee has no desire to either. But we would like to be able to help these people with their education. They have the nucleus of a good college, and they need funds.

URBAN INDIANS

I would also like to discuss the problem of the urban Indians. For fiscal year 1971 this committee funded the Indian economic development activity which had general but no specific authorization.

INDIAN ECONOMIC DEVELOPMENT

The Indians are desperate for economic development. You have to develop programs that will help alleviate the economic problems.

For a number of years, many of the young Indians have been receiving vocational grants because they were more readily available than higher education grants. This committee has tried to reverse this trend.

INDIAN SCHOLARSHIPS

I think it would be well to insert in the record at this point how many scholarships you are providing for this fiscal year.

(Information follows:)

Scholarships financed by the Bureau of Indian Affairs, fiscal year 1971:

	Number	Amount
Actual through Mar. 15, 1971	6,400	$6,078,000
Estimate for remainder of year through June 30, 1971	50	20,000
Total estimate	6,450	6,098,000

Mr. WILES. May I say something I am sure you will appreciate, because you have supported this program over the years. We do have an increase of $9 million for Indian scholarship grants and this raises the program from $6,098 million to $15,098 million and we believe it will

help the Indian children that had to drop out of college because the grant wasn't sufficient.

Mrs. HANSEN. Does this provide for the graduate student and for the married student?

Mr. WILES. I believe it does but I will check it.

I believe this includes anyone going to college. Funds requested for 1972 will provide aid for married students and students in graduate programs.

VOCATIONAL TRAINING

Mrs. HANSEN. The related problem in vocational training is that the training is not adequate to meet the job requirements of a city area. So what happens is that the urban Indians become part of a jobless ghetto.

URBAN INDIANS

I think, Mr. Secretary, steps have to be taken in the urban field, to allow your department to at least study these problems because it is urgent.

HEW INDIAN APPROPRIATIONS

Secretary MORTON. The other facet is the big appropriation that HEW is requesting is partially directed in this direction. There are many Federal programs that can better address the urban Indians, because the field operation is on the ground in the urban centers, rather than those of the BIA.

URBAN INDIANS

What I think we have to do is develop a full understanding of what the total urban program is.

It is a very difficult thing and this is a very hard problem to clearly identify.

Mrs. HANSEN. It is tremendous.

Secretary MORTON. It is most difficult to program against, too, because this is a mobile population as you know and a very hard one to identify.

Mrs. HANSEN. There are also great problems in Indian Health. I think it is high time that your Department provide adequate facilities and services.

Secretary MORTON. This is a very difficult thing to know exactly what to do when they leave the jurisdiction and when they leave the more or less regimented programs of BIA and go off on their own. There is a real problem.

Mrs. HANSEN. I just have a feeling, Mr. Secretary, that you have the compassion and understanding to deal with the problem.

Secretary MORTON. We are going to attempt to.

Mrs. HANSEN. Thank you.

OFFSHORE OIL DRILLING

Mr. FLYNT. With regard to the offshore oil drillings, I remember a few years ago everything seemed to be on the affirmative, positive side, when it was learned that these tremendous oil deposits and re-

serves were there and it would be a source of implementation of our domestic supply of petroleum products.

Since then, in over the past 3 years, instead of everything being on the affirmative side, it seems that nearly everything has been on the negative side.

I feel confident that, under your leadership, the Department of the Interior is going to further study this problem of safety precautions. I don't know whether there is an answer. I don't know whether it is possible to so construct the drilling and the production of rig outfits so that they could withstand either being hit by a ship of some size that is off course or whether it could withstand the ravages of hurricanes and offshore storms.

You may have already covered this. If you have during my absence, I will just read the record on it. But if that has not been gone into, would you like to comment on what is being done, or if you prefer, just insert it for the record, as to the actions being taken or projected to be taken to keep this a viable part of the oil and gas industry?

DRILLING REGULATIONS

Secretary MORTON. We have addressed ourselves to this in a general way. By way of repetition, I will say that the regulations for operation of offshore rigs, of course, are constantly being tightened up in keeping with the development of technology that is required to make these rigs safer, make them more foolproof. We, nevertheless, still deal with the human element and this makes it impossible to say that there never will be another accident. The whole effort, of course, in our Department in working with the oil companies, is to make that come to pass that we don't have another accident.

SHIP OIL SPILLS

As far as collisions with ships are concerned, here again there has been a great deal of technological advances, particularly in the use of radar. But in spite of all that, we are still seeing accidents in the area of the maritime. We have seen ship collisions which result in oil spills, chemical spills, the loss of life, and all the rest.

In addition to that, we are now looking at other aspects of environmental impact of this business, particularly in the Santa Barbara channel, where there would be a rather severe esthetic impact by the development of those leases which would result perhaps in as many as a hundred offshore rigs in a relatively small concentrated area if oil were found in all those leases. It just so happens that a couple of those leases have been bored and they are dry. We are looking at that aspect of it.

We don't feel that the Congress has given us any mandate or any direction that in any way ameliorates our responsibility to supply our energy needs from the Outer Continental Shelf and from other onshore discoveries that may develop no matter where they are, whether they are in Alaska or whether they are off the shore. I think our job is to go ahead with the development of the Outer Continental Shelf, but very cautiously and in keeping with what we can do to minimize the impact of this activity on the environment.

OIL SPILL POLLUTION IS 1 PERCENT

Mr. FLYNT. Am I correct in my recollection that the number of accidents which have resulted in severe pollution have been no more than 1 percent?

Secretary MORTON. I am not sure about the figures but it's very accurate. The record of the industry is very good. But the things that do happen are dramatic.

Mr. FLYNT. And catastrophic at times.

Secretary MORTON. They are catastrophic. Oil is sticky, messy stuff. When you spill it out on the water, you have trouble. If you look at the amount of oil that has been spilled in comparison to the amount of oil that has been properly contained in its channel of commerce, it's an infinitesimal figure.

OFFSHORE OIL DRILLING ACCIDENTS

Mr. FLYNT. Could you obtain for the record the number of accidents which have occurred in offshore drilling operations? By accidents I mean where it was a major pollution as a result?

Secretary MORTON. I haven't been able to get that figure myself.

Mr. FLYNT. I don't have the figure and I think it would be of interest not only to the committee but others who might read the record of these hearings.

Secretary MORTON. We will certainly attempt to get an accurate figure that we can stand on. I don't know of all the accidents that have been reported and over how many years. I can certainly give you the recent ones.

Mrs. HANSEN. Please do, Mr. Secretary, for those accidents that are related to the leases entered within the last 5 years.

Secretary MORTON. If I may make a suggestion, the more meaningful figure would be to take the years and actually compare the number of accidents to two figures—the number of rigs that are existent and the number of barrels of oil produced—so that we get an idea of how we are doing against the activities that we are engaged in. Mr. Pecora of the Geological Survey has done some work on this. I am trying to get those figures for my own review. We will supply them as soon as we get them and as soon as we feel they are accurate enough to be really meaningful. We could cook up a set of figures and from records that are incomplete, but I don't think they would mean anything. This is a difficult one, but I need the figures just as much as you do. Let me see what I can come up with.

(Information follows:)

MAJOR OIL SPILL INCIDENTS - OCS

Year	Number of Incidents	Volume of Oil Spilled	Number of fixed, producing structures	Annual OCS Production
1964	4	9,748 barrels	1,100	122 million barrels
1965	1	500 barrels	1,200	145 million barrels
1966	0	None	1,325	189 million barrels
1967	1	160,639 barrels	1,450	222 million barrels
1968	1	6,000 barrels	1,575	269 million barrels
1969	4	29,432 barrels	1,675	313 million barrels
1970	2	75,000 barrels	1,800	361 million barrels
	13	281,319 barrels		1,621 million barrels

A tabulation of OCS accidents resulting in injury or significant damage since 1953 is attached.

INCIDENTS IN THE OUTER CONTINENTAL SHELF RESULTING IN INJURY AND PROPERTY OR ENVIRONMENTAL DAMAGE (1953 to 3/8/71)

	Area and Block, Lease, Well No., and Operator	Type Accident and Duration, Date	How Controlled	Volume Oil Spilled	Injuries, fatalities, damage to property or environment
1.	Vermilion Block 26 OCS 029, well A-1 Union Oil of California	Blowout, Gas; 11,435'; 6-8-56 to 11-7-56	Drilled relief well.	None	Lost platform, rig, and two wells by crater.
2.	Eugene Island Block 175 OCS 0438, well A-6 Sinclair Oil & Gas Company	Blowout, Gas; 11,290'; 10-19-57 (11 hours)	Bridged --	None	Caught fire but continued with same rig.
3.	South Pass Block 27 OCS 0353, well 25, Shell Oil Company	Blowout, Gas; 1,869'; 6-14-58 (2 hours)	Bridged --	None	Caught fire but little damage.
4.	West Delta Block 45, OCS 0138, Platform "E" CAGC	Explosion; fire, oil; (swabbing); 10-15-58 to 11-21-58	By last of three relief wells.	(None reported)	Seven killed, 17 injured, lost platform.
5.	S. Timbalier Block 134, OCS 0461, well D-1, Gulf Oil Corporation	Blowout; fire, gas; 4,880'; 7-26-59 (4 hours)	Bridged --	None	One killed, seven injured, rig damaged.
6.	Vermilion Block 115 OCS 0770, well 1, Phillips Petroleum Co.	Blowout, Gas; 13,001'; 11-18-60 (4 hours)	Bridged --	None	None reported
7.	Grand Isle Block 9, OCS 035-S, well 1-34-B, Freeport Sulphur Co.	Blowout, Gas; (shallow); 3-18-62 (36 hours)	Ceased---	None	Fire. Lost platform and rig.
8.	West Delta Block 28, OCS 0384, well 3, Chevron Oil Company	Blowout, Gas; 10,871'; 1-15-64 (12 hours)	Mud --	None	No damage.
9.	West Delta Block 117, OCS-G 1101, well A-5 Gulf Oil Corporation	Gas and oil; (completed); 1-20-64 to 1-27-64	Bridged --	500 barrels	Platform damaged extensively. No apparent environmental damage.
10.	Eugene Island Block 208, OCS 0576, "A" Platform, Continental Oil Co.	Struck by freighter; 4-2-64 to 4-3-64; fire	Fire control equipment.	2,559 bbls. oil	Platform & freighter damaged. No apparent environmental damage.

	Area and Block, Lease, Well No., and Operator	Type Accident and Duration, Date	How Controlled	Volume Oil Spilled	Injuries, fatalities damage to property or environment
11.	Eugene Island Block 273, OCS-G-0987, well 4, Pan American Petroleum Corp.	Blowout, explosion, and fire; gas; 684'; 6-30-64 (2 days)	Ceased --	None	22 fatalities, drilling vessel sank
12.	Ship Shoal Block 149, OCS 0434, "B" Platform, Signal Oil and Gas Co.	Storage oil loss from Hurricane, 10-3-64 (one day)	Ceased --	5,100 bbls.	No apparent environmental damage
13.	Ship Shoal Block 198, OCS 0594, "A" Platform, Tenneco Oil Co.	Storage oil loss from Hurricane, 10-3-64 (one day)	Ceased --	1,589 bbls.	No apparent environmental damage
14.	Eugene Island Block 158, OCS-G-1220, well B-3, Shell Oil Company	Blowout, gas; 15,867'; 3-15-65	Bridged --	None	None reported.
15.	S. Timbalier Block 54, OCS 019, Platform "A", Humble Oil & Refining Co.	Explosion, fire in pressure vessel, 3-26-65 (10 min.)	Ceased --	None	One killed, three injured.
16.	Eugene Island Block 208, OCS 0576, "A" Platform, Continental Oil Co.	Well break while abandoning wells & removing platform; 6-21-65 to 6-27-65	Well cemented.	500 bbls. lost	No apparent environmental damage
17.	S. Marsh Island Block 48, OCS 0786, well B-4, Gulf Oil Corporation	Blowout, gas; (shallow); 9-16-65 (several days).	Ceased --	None	None reported.
18.	S. Timbalier Block 21, OCS 0263, well 70 Gulf Oil Corporation	Blowout, gas; 11,716'; 9-25-65 to 10-8-65.	Ceased --	None	Removed rig before well cratered.

	Area and Block, Lease, Well No., and Operator	Type Accident and Duration, Date	How Controlled	Volume Oil Spilled	Injuries, fatalities damage to property or environment
10.	Ship Shoal Block 208, OCS-G-1294, Union Oil of Calif.	Blowout, oil; (workover); 2-5-66 (15 min.).	Installed valve.	None reported	None reported.
11.	Eugene Island Block 275, OCS-G-0988, well A-9, Texaco Inc.	Blowout, oil and gas; 10,561'; 2-13-66 (2 days).	Ceased --	None reported	Little damage.
12.	West Cameron Block 201, OCS 0764, Platform "E" CAGC	Explosion, fire in fuel tank, 2-3-67 (1 day)	Ceased --	None	Six killed, nine injured, rig and platform damaged.
13.	S. Timbalier Block 67, OCS 020, well C-12, Humble Oil & Refining Co.	Blowout, gas; 1,477'; 4-17-67 (8 hours).	Bridged --	None	One corner platform settled.
14.	West Delta Area Block 73 field, Humble Pipeline Co.	Pipeline leak caused by anchor dragging; 10-15-67 to 10-27-67	Line shut and repaired.	160,639 bbls.	No apparent environmental damage
15.	Grand Isle Block 43, OCS 0175, Platform "A" CAGC	Explosion, fire in production facilities; 10-24-67	Ceased --	Minimal	Lost platform.
16.	S. Timbalier Block OCS 0463, well J-15 Gulf Oil Corporation	Blowout, oil; (workover); 2-21-68 (1 hour).	Closed valve.	None reported	Caught fire, rig destroyed.
17.	South Timbalier Area Blk. 131 Field, Gulf Oil Co.	Pipeline break caused by anchor dragging, 3-12-68 (one day)	Line shut and repaired.	6,000 bbls.	No apparent environmental damage

	Area and Block, Lease, Well No., and Operator	Type Accident and Duration, Date	How Controlled	Volume Oil Spilled	Injuries, fatalities, damage to property, or environment
27.	South Pass Block 62, OCS G-1294, Shell Oil Company	Blowout, gas; 8,426'; 4-68	Cemented drill pipe.	None	None reported.
28.	Grand Isle Block 43, OCS 0175, Continental Oil Co.	Blowout, gas; 14,184'; 9-68 (several days).	Bridged --	None	None reported.
29.	S. Timbalier Block 67, OCS 020, well C-16, Humble Oil & Refining Co.	Blowout, gas; 910'; 9-28-68 (9 hours).	Bridged --	None	Caught fire. Later removed rig, platform settled.
30.	S. Marsh Island Block 38, OCS 0784, Pan American Petroleum Corp.	Blowout, gas; 387'; 10-30-68; (1 day).	Bridged --	None	None reported.
31.	Vermilion Block 119, OCS 0487, well D-11 Continental Oil Co.	Blowout, gas; 9,544'; 11-24-68 (12 hours)	Bridged --	None	None reported.
32.	Main Pass Area Blk. 299 field, Chevron Oil Co.	Pipeline leak cause unknown; 2-11-69 to 2-16-69.	Line shut and repaired.	7,532 bbls.	No apparent environmental damage.
33.	Vermilion Block 46, OCS 0709, well A-3, Mobil Oil Corporation	Blowout, gas; 8,168'; 3-14-69 to 5-16-69.	Mud --	None	No damage.
34.	Ship Shoal Block 72, OCS 060, well 3, Mobil Oil Corporation	Blowout, oil; 9,034'; 3-16-69 to 3-19-69.	Capped --	900 bbls. per day; 2,500 bbls. total.	No apparent environmental damage.

	Area and Block, Lease, Well No., and Operator	Type Accident and Duration, Date	How Controlled	Volume Oil Spilled	Injuries, fatalities, damage to property or environment
35.	Main Pass Block 41, OCS 0374, Platform "C", Chevron Oil Co.	Fire; 2-10-70 to 3-10-70. Wells blowing until 3-31-70.	Three relief wells.	30,500 bbls.	No injuries; lost platform. No apparent environmental damage.
36.	Eugene Island Block 259, OCS-G 0985, Platform "C", Shell Oil Company	Water heater exploded, 5-6-70	Ceased --	None	Three killed, seven injured.
37.	Galveston Block 189, OCS 092, Platform "A", Chambers & Kennedy	Explosion and fire, 5-28-70 to 5-29-70, caused from welding on equipment.	Ceased --	100 bbls.	Nine killed. 50 bbl. oil on Galveston Beach; cleaned up with no lasting environmental damage
38.	West Delta Block 73, OCS-G 1083, Platform "C", Humble Oil & Refining Co.	Explosion in glycol reboiler 11-13-70.	Ceased --	None	Three killed, 13 injured.
39.	South Timbalier Block 26, OCS-G 1870, Platform "B", Shell Oil Company	Explosion; fire 12-1-70 - during wireline work on well.	Still burning, relief wells being drilled.	44,570 bbls. to date.	Four killed, 27 injured, lost platform, extent of possible environmental damage unknown.

	Area and Block, Lease, Well No., and Operator	Type Accident and Duration, Date	How Controlled	Volume Oil Spilled	Injuries, fatalities damage to property or environment
		Pacific Region			
1.	Santa Barbara Channel, OCS-P-0241, well 21-A, Union Oil Co. of Calif.	Blowout, oil and gas; 1-28-69 to 2-7-69 resulting in formation damage and flow through caprock	Cemented well and grouted the fractured sea floor; reduced formation pressures.	10,000 bbls. initially. 8,500 bbls. from subsequent seepage.	3,600 bird deaths. Oil on beaches required cleanup. No known permanent ecological damage.
2.	Santa Barbara Channel, OCS-P-0241, Union Oil Co. of Calif.	Pipeline break; 12-16-69, followed by renewed seafloor seepage	Line shut and repaired; reduced formation pressures	900 bbls.	No apparent environmental damage

ALASKA OFFSHORE LEASES

Mrs. HANSEN. How many leases have you granted on the offshore Alaskan lands?

Secretary MORTON. None.

Mrs. HANSEN. Is all the oil exploration in Cook Inlet completed?

Secretary MORTON. I can't answer that. I don't know whether all these leases have been explored or not. I don't think they have been. Dr. Pecora will be able to answer.

EPA FUNCTIONS IN INTERIOR

Mr. FLYNT. I have one more comment. I would like to ask it in the form of a question, but out of deference to the responsibility that I know you feel to support that which has taken place, certainly since you are now a Cabinet member, I was one of those who opposed the removal of a good many of the functions of the Department from the Department of the Interior and into the Environmental Protection Agency. Certainly, I wish them well as a result of this transfer. I hope that the objectives will be carried out.

I thought then, so I am not just now looking at it with the benefit of the 20 : 20 vision of hindsight—and I think now that the cause of improvement of the quality of our environment might better have been served by bringing into the Department of the Interior some of the environmental protection and improvement functions of the Government which were not at that time in Interior and put it under the direction and guidance of a strong department head and a member of the President's Cabinet.

I don't want to put my chairman on the spot, but I think that she and I have discussed this in general terms rather than in specific terms.

I am going to do what I can to see that the new Environmental Protection Agency is given every opportunity to succeed. But I am going to be one of those who is going to continue to watch it with a hard cold eye. If it does not succeed, I am going to be one who will again speak up and seek to put some of it back in the Department of Interior, where I think it rightfully belongs.

Mrs. HANSEN. I think what the gentleman is saying is that this committee felt that all environmental protection activities might be better managed in the Department of the Interior. This committee has had a deep interest in the environment long before it was fashionable.

ENLARGEMENT OF INTERIOR FUNCTIONS

Mr. FLYNT. In that connection, I wished that I had done what my better judgment instructed me to do about 2 years ago, which was to introduce substantive legislation to enlarge the functions of the Department of Interior and to change its name from the Department of the Interior to the Department of the Interior and Natural Resources. I wish that I had proceeded with what my judgment at that time suggested to me that I do.

In conclusion, Mr. Secretary, I want to say that I applaud the President upon his selection of you to be in his Cabinet and to head this Department.

Secretary MORTON. I appreciate that, sir.

Mr. FLYNT. I am sure you already know that the longer you serve as Secretary of the Interior that you will find that this committee will be a strong right arm and always willing and anxious to cooperate with you and your Department to strengthen the functions of the Department of the Interior.

Secretary MORTON. I appreciate that very much. I will rely heavily on this committee, as I am sure any Secretary would. The knowledge and background experience here has been known to me for a very long time. I have a tremendous regard for you and your colleagues. I don't think anybody is more interested in the affairs of our Department than your chairman. I am delighted to have the opportunity to work with her and work with all of you.

Mrs. HANSEN. Mr. Galifianakis.

FOREIGN TANKER OIL SPILLS

Mr. GALIFIANAKIS. I wanted to ask one question. When the Secretary was making reference to the dramatic reaction when we have an oil problem, like a tanker that might spill a lot of oil, what happens if that tanker happens to carry a foreign flag? Much of the discussion that we have had here would relate to people that we have jurisdiction over very readily and without complications. I would hope that your Department would address itself to that problem, because I think it's a serious problem and will become much more serious. I am sure it's international in scope. We are experiencing difficulties not only with the oil leakage and the devastation that it does to birds and fish and to the ecology generally, but we also are almost at the brink of a crisis with the South American countries over fishing rights from time to time.

What I am really leading to is that I think the time is opportune for an international conference on the sea at which the jurisdictional problems, enforcement procedures, and understanding of a universal environment can be ironed out. I recognize that may be outside the scope of the Department of the Interior, but it certainly affects the subject matter that we have discussed here. I would hope that some thought, and leadership, can be taken by your Department to lend support in convening an International Conference of the Sea, or at least take it up with the President. This was tried some 6 or 7 years ago and, except for one vote, would have succeeded. It seems to me that we can rejuvenate our interest in that direction. You have been innovative and imaginative in the things that you have said here today. I would hope that you can give that some thought also.

Secretary MORTON. We will certainly think about it. It's out of our jurisdiction. The whole maritime problem has quite a jurisdictional field, starting with the Commission and with the Maritime Administration and with the Department of Transportation.

As to the effects of the environment is where, I think, our expertise can well be brought to bear.

To address the question again of your foreign-flag problem, the management on the seas is not so difficult because when ships are in our estuarine or jurisdictional waters they are subject to all the regulations and liabilities that an American-flag ship will be. Whether we enforce this or not is a political problem and an international problem and gets a little bit out of the field of the committee.

There is no reason for us to have these collisions; there just really isn't, with all the technology that is available.

INTERNATIONAL CONFERENCE OF THE SEA

Mr. GALIFIANAKIS. I would hope that you could at least lend an appropriate support if something should come about. I am going to put in a resolution calling for an International Conference of the Sea.

Secretary MORTON. On collisions?

Mr. GALIFIANAKIS. Actually to ask the Congress to ask the President to initiate convening an international conference, because we are having problems in the Atlantic, the Pacific, in the various seas, oceans, and other waters that we don't need to have. One of the problems is becoming rapidly the environmental problem.

I won't take up any more time, except also to offer my commendations to a very good friend and potentially an excellent Secretary. For the comparatively short period of time in which he has had to study all the problems of the Interior Department, he has done a remarkable job. I certainly wish to commend him for that. I am very proud he is a former Member of the Congress and that I can refer to him as a friend.

Mrs. HANSEN. I think we have reason to be proud of both of our former colleagues who have been Secretaries of the Interior. I don't think the Senate has done nearly as well in supplying leadership. Thank you, Nick. Mr. McDade.

Mr. MCDADE. No questions, Madam Chairman.

Mrs. HANSEN. Mr. Wyatt.

Mr. WYATT. I don't think the Secretary needs any more accolades. I think it's appropriate to comment that he has done a remarkable job on a wide variety of subjects considering the time that he has had his feet under the desk. We are all grateful to him for his assistance and the grasp he obviously has in this short period of time.

Secretary MORTON. Thank you, sir.

GATEWAY NATIONAL RECREATION AREA

Mrs. HANSEN. I have a question from a very distinguished member of the Appropriations Committee, Mr. Addabbo of New York.

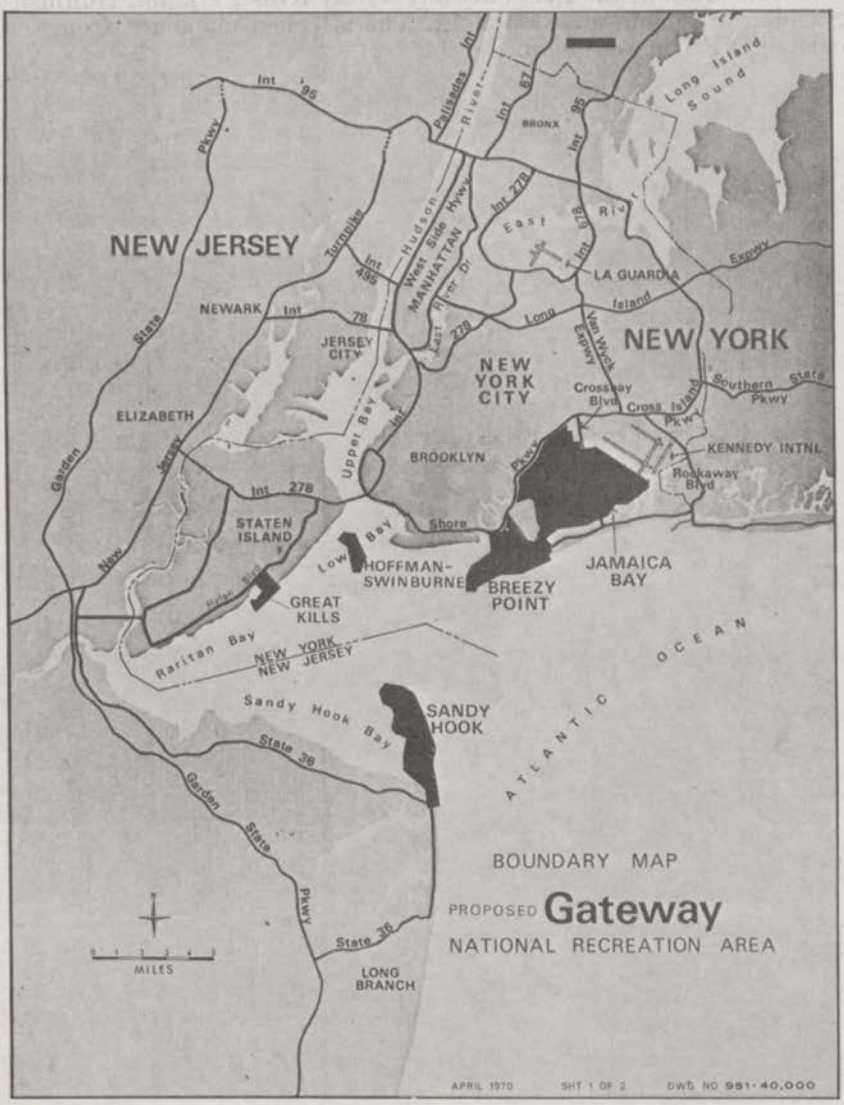
What part, if any, of the Interior Department's budget request for parks is earmarked for the proposed Gateway National Recreation Area?

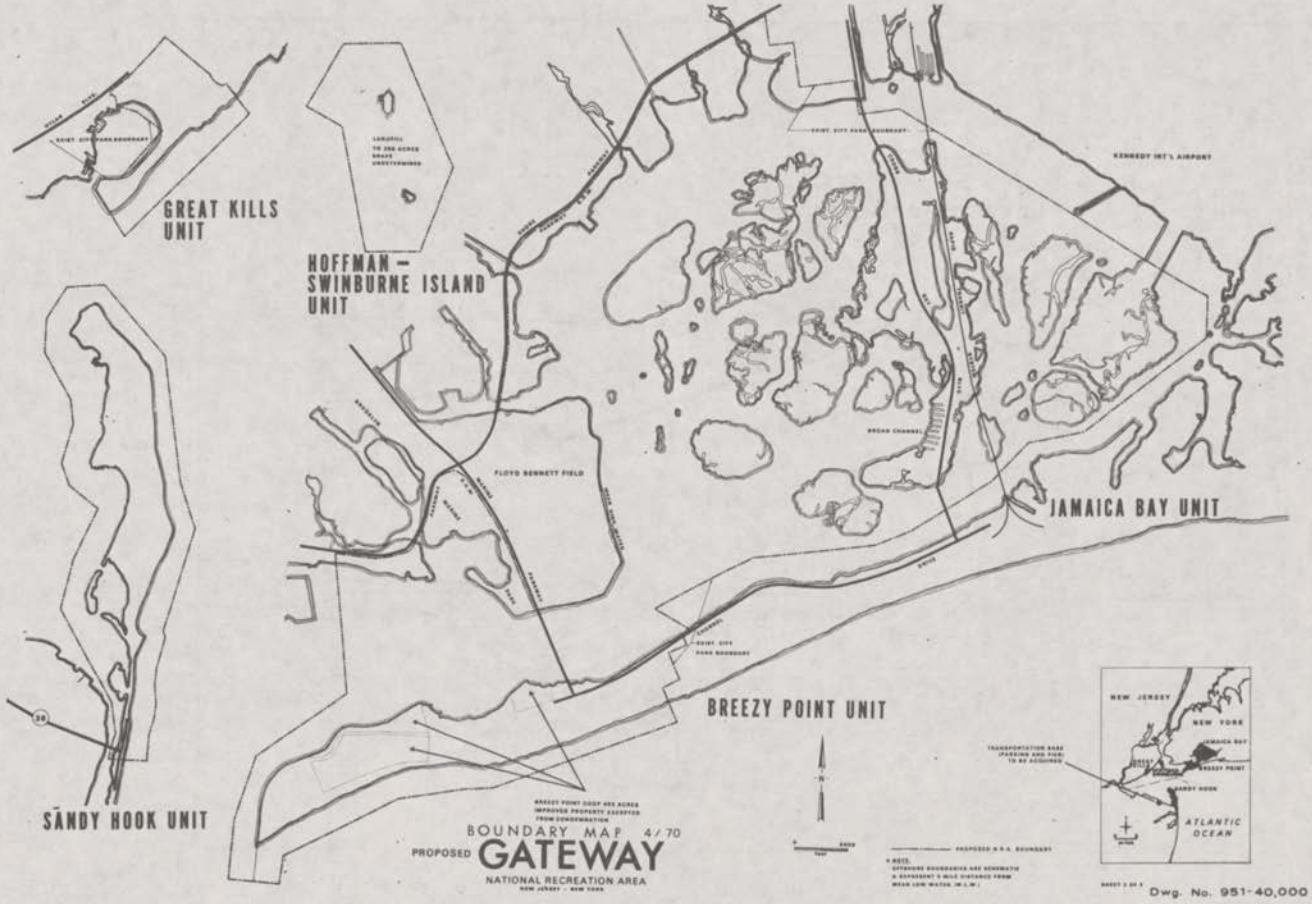
Mr. WILES. There are no acquisition and development costs in the fiscal year 1972 budget for the proposed Gateway National Recreation Area proposal since new areas have to be authorized before appropriations can be requested. The Bureau of Outdoor Recreation and National Park Service will have sufficient funds available in fiscal year 1972 to carry out any additional planning and coordination necessary on the Gateway proposal.

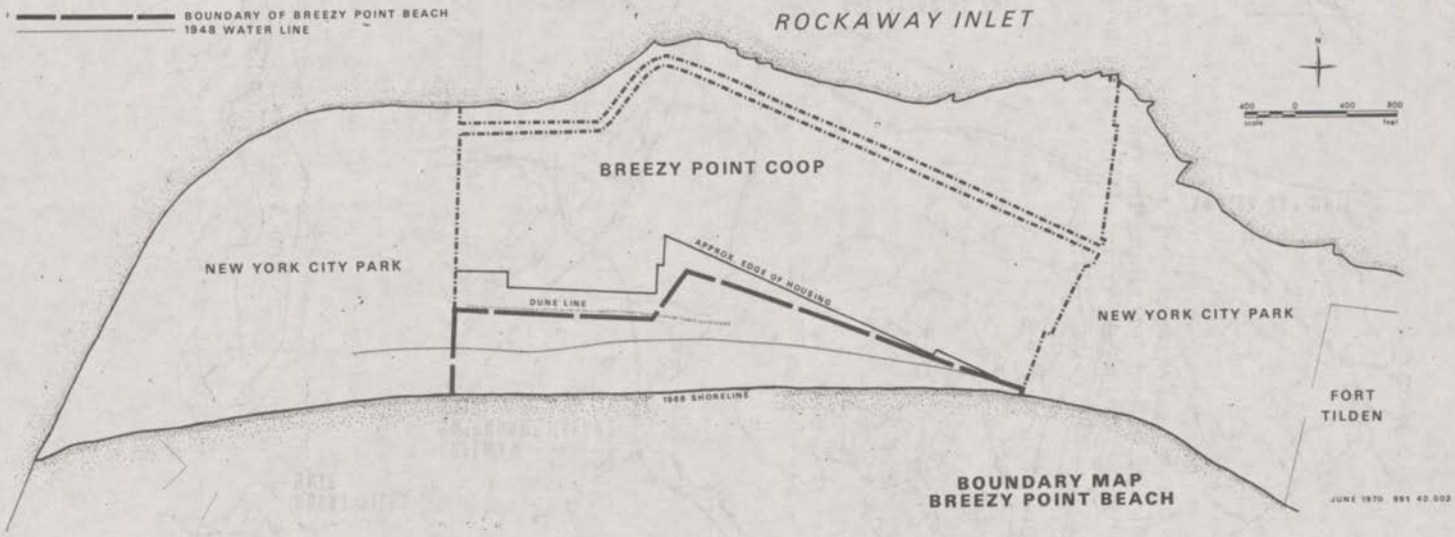
Mrs. HANSEN. Please describe the proposed boundaries of the Gateway National Recreation Area and submit for the record a copy of the proposed map.

Mr. WILES. The boundaries, as described in the NPS master plan, propose 25,000 acres of land, wetlands and water in the States of

New York and New Jersey. They include the Sandy Hook Peninsula in New Jersey, Breezy Point Peninsula, Jamaica Bay, and adjacent shoreline south of the Belt Parkway, Great Kills Park and Hoffman-Swinburne Islands in New York. The attached maps are from the current NPS master plan.


NEW JERSEY
NEW YORK
NEW YORK CITY
NEWARK
JERSEY CITY
ELIZABETH
STATEN ISLAND
BROOKLYN
BRONX
MANHATTAN
LA GUARDIA
KENNEDY INTNL
JAMAICA BAY
BREEZY POINT
HOFFMAN-SWINBURNE
GREAT KILLS
SANDY HOOK
LONG BRANCH
Long Island Sound
ATLANTIC OCEAN
Raritan Bay
Sandy Hook Bay
Upper Bay
Lower Bay
Turnpike
Garden State Parkway
West Side Hwy
East River Dr
Van Wyck Expwy
Cross Bay Blvd
Cross Island Pkwy
Southern State Pkwy
Rockaway Blvd
Shore Pkwy
Verrazano Bridge
Int 95
Int 278
Int 78
Int 280
Int 678
Int 87
Int 287
Int 495
Int 440
State 36
MILES
BOUNDARY MAP
PROPOSED Gateway
NATIONAL RECREATION AREA
APRIL 1970
SHT 1 OF 2
DWG NO 951-40,000


GREAT KILLS UNIT
HOFFMAN – SWINBURNE ISLAND UNIT
SANDY HOOK UNIT
BREEZY POINT UNIT
JAMAICA BAY UNIT
FLOYD BENNETT FIELD
KENNEDY INT'L AIRPORT
BOUNDARY MAP 4/70
PROPOSED GATEWAY
NATIONAL RECREATION AREA
NEW JERSEY – NEW YORK
NEW JERSEY
NEW YORK
SANDY HOOK
ATLANTIC OCEAN
Dwg. No. 951-40,000


BOUNDARY OF BREEZY POINT BEACH
1948 WATER LINE
ROCKAWAY INLET
BREEZY POINT COOP
NEW YORK CITY PARK
APPROX EDGE OF HOUSING
DUNE LINE
1968 SHORELINE
NEW YORK CITY PARK
FORT
TILDEN
BOUNDARY MAP
BREEZY POINT BEACH

Mrs. HANSEN. Does the Department of Interior support H.R. 4185 introduced by Congressman Joseph P. Addabbo and specifically does the Department support section 3 of Representative Addabbo's bill which would prohibit the expansion of Kennedy National Airport in the protected area?

Mr. MORTON. The Department does not have a position on H.R. 4185 at this time. In early August the Department sent to the Office of Management and Budget a legislative package containing draft legislation and supporting development, land acquisition, and operating costs for the Gateway NRA. Since that time, we have briefed involved OMB staff members and supplied additional backup material. The Department of the Interior is now in the process of preparing appropriate answers to some very basic policy questions raised by the Office of Management and Budget concerning the role of the Federal Government in urban recreation. A review of H.R. 4185 brings to light some differences between it and the legislative package now under review at OMB. These include:

(*a*) Our proposal includes Great Kills Park on Staten Island and Hoffman-Swinburne Islands as part of five-unit Gateway National Recreation Area.

(*b*) The total land and water acreage in the Department's proposal is listed not to exceed 25,000 rather than the 15,600 in that bill. This extra acreage allows for the protection of the undeveloped upland areas along the north and northwest segments of Jamaica Bay, thus negating adverse development on this valuable peripheral acreage.

When the waters of Jamaica Bay are suitable for intensive recreation, the Department of the Interior will be in a position to work out agreements with New York City for development of the Jamaica Bay Shoreline for community recreation use.

(*c*) The Department's proposal includes the Breezy Point Cooperative within the national recreation area boundaries, but excepts them from acquisition until such time as that corporation is willing to negotiate for the sale of the property to the Federal Government.

The boundary proposed for the Jamaica Bay Unit extends to the existing limits of Kennedy Airport. The authorization for Gateway NRA would preclude any expansion of the airport into Jamaica Bay.

Mrs. HANSEN. What is the Department's timetable for the establishment of the Gateway National Recreation Area?

Mr. MORTON. Authorization of Gateway NRA is dependent on the Congress. After authorization, there is a 30-year timetable to complete the ultimate development of Gateway NRA. A significant portion of the development would be completed within the first 10 years after authorization. Because of this phased planning, development schedules can be altered to meet budget constraints.

Mrs. HANSEN. What are the major problems anticipated in establishing the Gateway National Recreation Area?

Mr. WILES. Major problems anticipated in establishing Gateway NRA include:

(*a*) The proposed utilization of 30 acres of Fort Tilden on Breezy Point for an Agriculture Department animal quarantine station. This Department is vigorously opposed to this proposal and GSA has agreed to withhold such a transfer for the time being.

(*b*) Breezy Point Cooperative has requested reconsideration of the boundary line because it would restrict expansion of the co-op. It is the Department's judgment that the public interest would be best served with the proposed boundary.

(*c*) The mechanics of how and by whom the proposed ferry system will be operated represents a problem that is still under review by the Department. The Department's desire is to have an efficient shuttle ferry system that will be priced so that the cost per ride is within the economic means of inner city residents.

(*d*) A continued effort of water pollution abatement in Jamaica Bay and New York Harbor is necessary to assure maximum recreation benefits of Gateway NRA.

Mrs. HANSEN. Have discussions been held with officials in New York City concerning steps to be taken in connection with land acquisition or other agreements required to establish the Gateway National Recreation Area?

Mr. WILES. Yes, the attached October 14, 1970, letter from Mayor Lindsay outlines agreement on the necessary steps to establish a Gateway NRA.

(The letter follows:)

THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

October 14, 1970

Honorable Walter J. Hickel
Secretary of the Interior
Washington, D.C. 20240

Dear Secretary Hickel:

My staff has reviewed the issues raised in your recent letter on the Gateway National Recreation Area proposal. I hope that the responses below will be helpful in moving the project toward legislation.

1. The Appellate Division of the New York State Supreme Court has unanimously affirmed an award to the Atlantic Improvement Corporation for the condemned land at Breezy Point. The City has asked the Appellate Division for leave to appeal to the Court of Appeals on questions of law. If the Appellate Division denies our request, the City will ask the Court of Appeals for permission to appeal. The final determination of whether an appeal will be allowed will probably be made within two or three months. If the appeal is allowed, further proceedings will require an indeterminate time. However, title has been vested in the City. In any event, the City stands ready to meet any fiscal obligations incurred in the condemnation of the Breezy Point property.

2. New York City does not have the power to donate park land without express approval by the state legislature. A Home Rule Message seeking authorization to donate the park land to the Gateway project is being drafted and will be submitted to the City Council and the legislature.

3. The Port of New York Authority has commissioned an independent and impartial study by the National Academy of Sciences to determine whether the expansion of John F. Kennedy International Airport can be accomplished in a way that does not vitiate efforts to improve and restore the environment of the Jamaica Bay area. The City will cooperate with the National Academy of Sciences and we will withhold any decision pending our review of the conclusions of that study. The burden of proof remains with those who seek changes. Gateway will remain the top priority, and I will not sanction any expansion of the Airport that will threaten this critical project.

4. My understanding is that Consolidated Edison is not presently considering construction of a nuclear power plant on, or adjacent to, the Hoffman-Swinburne unit.

5. I would like to clarify the purpose of the City Planning Commission's Master Plan. It is a proposal for possible development rather than a rigid formula. In any event, if the City were to embark on a landfill project along the south shore of Staten Island, it would not be incompatible with Gateway. The plans for the landfill project along the south shore are based on development considerations seeking additional land which could possibly be used for park purposes.

The proposed Shore Front Expressway has been given low priority by the City, and the improvement of the existing roadway as a Boulevard is under consideration. The improved road is being planned to provide access to the Great Kills Gateway unit. In any event, construction is not imminent. On the other hand, construction of the War Memorial Stadium will begin in the near future and will be entirely compatible with the Gateway project.

6. The residents of Broad Channel are tenants of the City pursuant to five-year leases that expire in September and October of 1974. There is no question that the City can convey good title to the land. I have instructed my staff to meet with leaders of the Broad Channel community in order to develop a policy that would be compatible with Gateway. I will keep you informed as progress is made in this area.

On behalf of all New Yorkers I want to express my gratitude for the leadership you have exercised in developing plans that will some day bring a national park to the people of our City. We are grateful, too, for the efforts of former Under Secretary of the Interior Russell Train and the National Parks Service staff. Please be assured of our continued cooperation in this unique endeavor to create a national park in a great urban center.

Sincerely,

John V. Lindsay

John V. Lindsay
MAYOR

INDIAN PERSONNEL POLICY

Mrs. HANSEN. I would like to urge you to review with the BIA their 2-year Indian personnel policy. I have received many letters on this from Indian chiefs. As I said to you earlier, 2 years may be too long for some Indian agents but 2 years is probably not long enough for a good one.

This committee no longer funds the Bureau of Commercial Fisheries but both Mr. Wyatt and I are still very much interested in this Bureau. I would like to say that this Bureau will continue to have our attention.

Mr. Obey, do you have any further questions?

Mr. OBEY. I don't think so, except I should add that obviously the Secretary is a very able man. Just from a personal and political standpoint, I feel much more comfortable having a man of his ability as Secretary of Interior than I did when he was chairman of the Republican Party.

Secretary MORTON. I appreciate your remarks. I hope my record as Secretary of Interior is better than my record as national chairman.

Mrs. HANSEN. We think you did a great job as national chairman.

Mr. MCDADE. We think you did a heck of a good job too.

Mrs. HANSEN. I think there is one thing a national chairman doesn't always recognize and that is the integrity of a party must come through. This is where you were extremely successful.

Mr. Secretary, I want to say on behalf of the committee we deeply appreciate your very frank and full discussions today. We think you have been very outspoken and very articulate about the problems facing the Department. Consider this committee an ally in making the Department of the Interior serve the United States of America. This is our entire concern, and it's on both sides of the aisle with my Republican friends to the right and my Democratic colleagues to the left. It's not a matter of partisanship. It's a matter of our country.

Secretary MORTON. I am fully aware of that. I will lean heavily on the advice and counsel not only of the committee as a committee as it sits but, Madam Chairman, on you individually and other members and my former colleagues in the Congress. We need all the good ideas we can get, and this is an age of ideas.

There are a lot of things that we have to improve on in our application of our funds that you appropriate. Any time that you feel you have a mind to make a correction in these areas, it would be most welcome for us to have it.

Mrs. HANSEN. Thank you, Mr. Secretary. We appreciate your service.

Secretary MORTON. Thank you very much.

Mrs. HANSEN. I would like to compliment Mr. Hite and Mr. Wiles on their appearances today and on the material which they have supplied so ably.

Mr. HITE. Thank you very much, Madam Chairman.

THURSDAY, MARCH 4, 1971.

BUREAU OF LAND MANAGEMENT

WITNESSES

BOYD L. RASMUSSEN, DIRECTOR
JOHN O. CROW, ASSOCIATE DIRECTOR
EUGENE V. ZUMWALT, ASSISTANT DIRECTOR, RESOURCES
DALE R. ANDRUS, DEPUTY ASSISTANT DIRECTOR, RESOURCES
EDWARD L. HASTEY, CHIEF, DIVISION OF BUDGET
HARRISON LOESCH, ASSISTANT SECRETARY—PUBLIC LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR
FRANCIS M. WILES, DIRECTOR OF BUDGET, DEPARTMENT OF THE INTERIOR

(Note: See p. 1082 for amendments to 1972 budget.)

Mrs. HANSEN. The committee will come to order.

INTRODUCTION OF WITNESSES

This morning we are pleased to welcome the Bureau of Land Management.

Mr. RASMUSSEN. We have with us today Mr. George Turcott, Assistant Director, who replaced Mr. Beirne.

MR. BEIRNE'S RETIREMENT

Mrs. HANSEN. Has he retired?

Mr. RASMUSSEN. Yes.

Mrs. HANSEN. Will you please extend the committee's very best wishes to Mr. Beirne on his retirement and our appreciation for his years of service. He was a dedicated public servant.

Mr. RASMUSSEN. He stops by the office often and visits with us.

Mrs. HANSEN. We are delighted to have the Bureau of Land Management here this morning. It is one of the most interesting agencies that appears before us even if you don't ever have enough funds to properly manage your lands.

STATEMENT OF SECRETARY LOESCH

Mr. Rasmussen, will you please insert your statement in the record at this point and summarize it for us?

Mr. RASMUSSEN. First, I would like Secretary Loesch to make a short statement.

Mrs. HANSEN. Secretary Loesch never makes short statements. We are very happy to have you here this morning, Mr. Secretary.

Mr. LOESCH. That is a terrible reputation to have.

Mrs. HANSEN. No, it isn't.

PRIORITY PROGRAMS

Mr. LOESCH. I want to express, and I will make it very brief, my concern for three Bureau programs this year, those being fire protection, cadastral surveys, and recreation and wildlife.

We adverted last year to the problems in the firefighting field as a sort of hand-to-mouth existence.

Mrs. HANSEN. Sometimes I think the hand never gets to the mouth considering the amount of funding you request.

Mr. LOESCH. Of course, we have been trying to develop presuppression capability and this is a field I am talking about.

The cadastral survey program is, of course, a continuing problem just to keep up with the requirements that we have. It appears to me to be just absolutely necessary to improve the funding and the Bureau capabilities in this area, and as you are aware we are being more and more required to get into the recreation and wildlife field.

The demand is so strenuous and is growing so much every year it is an absolute necessity that we take care of that demand to the very best of our ability.

We could use an awful lot of money for recreation and wildlife if we had it, but with the program we have we can do a great deal of good.

I don't wish to underemphasize other items but these are items which are of special concern to the Bureau this year. That is all I have.

Mrs. HANSEN. Thank you, Mr. Secretary.

BIOGRAPHY OF GEORGE TURCOTT

Please at this point in the record insert the biographies of new people appearing today as witnesses.

(The biography follows:)

BIOGRAPHY OF GEORGE L. TURCOTT, ASSISTANT DIRECTOR, ADMINISTRATION, BUREAU OF LAND MANAGEMENT

1. Born in Winnett, Mont., in 1924.

2. Raised in Elko, Nev., center of large livestock economy. Graduated from high school there in 1942.

3. Served in U.S. Army Air Force during World War II. Overseas service included a year as POW in Germany.

4. Received a BA degree in botany specializing in range science from University of Montana in 1949. Has since done graduate work at Claremont College Graduate School, Claremont, Calif., and George Washington University, Washington, D.C.

5. First joined the Bureau of Land Management in October 1950 as a range conservationist in Elko, Nev. Served in various other resource management positions over next 14 years in Nevada, Washington, D.C., and Colorado. This included 4 years as district manager at Canon City, Colo.

6. In May 1959, while a participant in the intern program of the Civil Service Commission as the representative of the Interior Department, was awarded the William A. Jump Foundation's meritorious award for public service in the management of Federal rangelands.

7. During the period 1959–64, headed the range and forest program management division of the Bureau's State office in Billings, Mont.

8. In 1964, transferred to Washington, D.C., as head of the Bureau's soil and watershed conservation program. In 1966, he was promoted to Chief, Division of Resource Standards and Technology, and in 1968 was made Deputy Assistant Director for Renewable Resources.

9. In October 1969, was appointed Assistant Director, Technical Services.

10. In November 1970, appointed Assistant Director, Administration.

ADEQUATE FUNDING FOR DETERMINATION OF LAND USE

Mrs. HANSEN. When will you be able to provide funding for the programs that are necessary before you can make any more determinations in the field of land use and land disposition?

Yesterday the Secretary of the Interior testified that he intended to sponsor a land-use program in the States. This is great, but I think there is an equal responsibility on the Federal Government in this same area. It doesn't seem to me, considering the status of your cadastral surveys and the lack of knowledge of your resources, that you are setting a very good example in the field of land use. It doesn't seem to me that you have all the data and information you need to adequately manage your lands.

I do not blame the Bureau of Land Management.

Mr. LOESCH. Of course, the administration-sponsored land-use planning bill is limited to non-Federal land.

Mrs. HANSEN. I know, but you have to have adequate knowledge to manage the Federal lands.

Mr. LOESCH. No question about it, and, of course, we have to make sure that the Federal lands are managed in conformity to the other lands in the respective States or else there is no point in going to land-use planning at all.

As our responsibilities grow I would certainly expect we would be provided the money to carry out the responsibility.

Mrs. HANSEN. Thank you.

STATEMENT OF DIRECTOR RASMUSSEN

Mr. Rasmussen, please insert your statement in the record and summarize it for us?

Mr. RASMUSSEN. Yes.

(The statement follows:)

STATEMENT OF BOYD L. RASMUSSEN, DIRECTOR OF THE BUREAU OF LAND MANAGEMENT, U.S. DEPARTMENT OF THE INTERIOR

Madam Chairman, as a nation, we are facing questions today concerning the future of the public lands that are pressing for immediate answers. These are questions whose answers will bear directly on the health and welfare of future generations even more than they do on the quality of our own lives.

To all of these questions there can be only one ultimate solution: how to use our lands and resources so that we can bring our works and lives into harmony with our environment.

The course we choose now in resource management must be one that will direct us toward this vital solution. The choice is ours to make, and we must make it now. We cannot afford to shirk our responsibilities and leave the choice to future generations. Answers and solutions to the ills of civilization that we have allowed to endanger our national welfare are available to us today. They may not be available in the future.

The Bureau of Land Management is deeply committed to the protection, perpetuation and wise use of our natural resuorce heritage. The management of public lands and their surface and subsurface resources is an awesome responsibility. The areas subject to this stewardship encompass the vast expanse of the Outer Continental Shelf as well as 40 percent of the land base in our 11 western-most United States—in all, one-fifth of our Nation's land. This vast estate and the richness of its resources are of great importance to local, regional, and national populations. The outcome of any decisions concerning the public lands can touch the lives of all Americans. The very real challenge of meeting the needs of a dynamic nation is upon us. Through multiple use management, the

opportunities for accommodating a broad spectrum of social and economic needs are almost limitless. But the management of lands and resources is often a long-term venture, and the time to intensify our efforts is now if the full promise of this estate is to be realized for the benefit of our people.

PROGRAM EMPHASIS

Every Bureau program directly or indirectly affects the quality of our environment, and each is designed to the best of our ability to contribute to the intelligent use of public lands and their resources. Significant strides have been possible in the management of the public lands because of the help and understanding of this committee. However, we still have much unfinished work before us if the public land challenges and responsibilities are to be met. It is toward the full productivity of the lands and their continuing contribution to both our tangible and intangible needs that our 1972 programs are presented.

IMPROVED LAND SERVICES

Expanded programs for improving land services to the public are oriented toward a reduction of backlog cases, an improvement in our land appraisal capability and a better use of our national land estate. The orderly, fair, and efficient disposal of land cases helps assure full consideration of public values, promotes public confidence in Government, and exerts a decisive influence on land uses for future decades.

SURFACE PROTECTION

Our concern for both resource development and the environment is embodied in the surface protection efforts proposed in this budget. Public lands have been and will continue to be an important source of leasable mineral deposits. Their continued development is vital to the mineral and common material needs of the Nation. Yet, the land and its surface resources must be protected during exploration and extraction so that public values will not be unnecessarily destroyed for the sake of a single enterprise.

ALASKA LAND USE PLAN

Alaska's mineral wealth, unspoiled natural beauty, surface resources, and recreational attractions are at an important juncture. Discovery of oil, the continued exploration and discovery of other new mineral wealth, intrusion into the wilderness by roads and people, and demands for public land through continuation of State selections and Native claims can contribute to the long term benefit of Alaska's people; but without proper management of the total environment, these factors can engulf Alaska with the environmental mistakes so prevalent in much of the United States today. A reconnaissance type land use planning effort is required in this last frontier to guide development of the public domain in a direction which will avoid a repetition of past mistakes.

FIRE PROTECTION

The level of protection we are providing the public estate from the destructive influences of wildfires is of vital concern. Although the Bureau has continued to improve its firefighting capability through the Boise Interagency Fire Center, the costly events of past fire seasons require a new look at the entire protection posture. If we are to reduce the intolerable loss of surface resources and the high firefighting costs which accompany wildfires, the Bureau must improve its advance preparedness prior to the outbreak of fire emergency conditions. The management of surface resources can progress only insofar as these resources are adequately protected from destructive agents which, in the case of wildfire, result in both economic and intangible losses.

FIRE FIGHTING AND REHABILITATION

In years past, a token $400,000 has been provided for emergency firefighting costs. This amount was augmented at a later date with a supplemental appropriation to cover actual costs. Relatively large amounts from other appropriations had to be used to cover these emergency costs in the interim, often burdening

other programs and administrative accounting. An additional $9 million is included in this budget to provide more realistically for firefighting costs. Based upon a 4-year average of past costs, the revised amount will tend to reduce the problems inherent in previous budgets and will decrease the requirement for supplemental appropriations.

RECREATION AND WILDLIFE

The public domain holds tremendous promise for the development of an outdoor recreation program to meet public demand for a variety of recreational pursuits. Areas such as the Southern California Desert, the Lower Colorado River, the Rogue and Rio Grande Rivers, Red Rocks, and many others represent an unequalled opportunity to provide safe, convenient facilities to millions of annual visitors. Accommodations are also necessary in controlling site destruction, pollution, and the overall degradation of the public lands. Thus, the Bureau's recreation management and development programs as well as its maintenance, cleanup, and Johnny Horizon efforts have a direct influence on the quality of outdoor surroundings. The expansion of the Johnny Horizon antiland pollution program to a departmentwide, therefore, nationwide program greatly expands the scope and effectiveness of this program. For example, during the 1970 Johnny Horizon countryside cleanup program alone (September 18 to October 19), some 40 States participated; over 300,000 individuals took part with a resulting cleanup estimated to be valued in excess of $1 million. In addition, other cleanups are going on throughout the year involving more people and organizations.

Fish and wildlife resources on the public lands are also an important part of the recreational potential. Accordingly, fiscal year 1972 programs provide for protection and propagation of vanishing wildlife species, added public land hunting and fishing opportunities, and recognition of the growing demand for nonconsumptive, appreciative uses of wildlife resources.

CADASTRAL SURVEY

Civilization, as we know it, rests largely on the delineation of ownership, both legal and physical. The Bureau of Land Management is responsible for establishing and maintaining the public land survey grid upon which most land ownership in the United States is based. The identification of Federal lands by monumenting or reestablishing property boundaries is vital to the disposal of public lands, the management of surface and subsurface resources, and the orderly administration of the Federal estate. Maintenance of the survey grid, much of which is 100 years or more in age, is an increasingly important feature of the cadastral survey program. As the management of public land expands, as resource values rise, and as the demand for land transfers from or into Federal ownership grows, the need for supporting cadastral survey increases. New program emphasis is required if this vital service is to be brought up to a level sufficient to keep pace with present and future demands.

FACILITY MAINTENANCE

The annual addition of new roads and trails, buildings, recreation sites, and other facilities requires additional maintenance capability to keep these facilities safe, attractive, and convenient, and to prolong their service life for the public benefit.

FORESTRY

We have completed our timber inventory in western Oregon and have underway a proposed environmentally based allowable cut plan. This plan places additional emphasis on intensified forest management and protection of the environment. The timber inventory of the public domain forest lands will be underway in fiscal year 1972. Environmental impacts must also be a prime consideration in our public domain forest management program.

SUMMARY OF BUDGET REQUEST

The Bureau's budget is modest compared to the values at stake. It represents an investment in the future well-being of the public lands, an investment in their continued development, management, and wise use, now and for generations to follow.

SUMMARY OF STATEMENT

Mr. RASMUSSEN. Every Bureau of Land Management program affects the quality of the environment and each is designed to the best of our ability to contribute to the intelligent use of these public lands and their resources.

We have made significant strides because of the help and understanding of this committee. However, we still have much unfinished work to do.

HIGHLIGHTS OF 1972 PROGRAM

The highlights of our 1972 program as reflected in this budget include expanded programs for improving land services, improvement in our land appraisal capability, a surface protection program, a land use plan for northern Alaska, an intensified environmentally based forest management program, continued improvement of our fire protection capabilities, an increase in initial firefighting appropriation, an expanded recreation and wildlife program, increased cadastral survey capability, and additional maintenance.

This concludes my summary.

TOTAL BUDGET FOR 1972

Mrs. HANSEN. What is your total budget request for fiscal year 1972?

Mr. RASMUSSEN. The total budget excluding permanent appropriations is $102,044,000.

Mrs. HANSEN. How much larger is this than last year?

Mr. RASMUSSEN. This is $14,367,000 larger of which $9 million is an increase in our firefighting activity over the previous token appropriation of $400,000.

Mrs. HANSEN. So you actually only have about a $5 million increase to accomplish the many things you say you are going to do?

Mr. RASMUSSEN. Yes, ma'am.

Mrs. HANSEN. Does this increase reflect the rising cost index?

Mr. RASMUSSEN. Yes.

Mrs. HANSEN. You are not going to get very much accomplished with this level of funding.

Mr. RASMUSSEN. It will be very difficult.

GRAZING FEES

Mrs. HANSEN. Are you using the same scale on your grazing fees as the Forest Service?

Mr. RASMUSSEN. Yes, ma'am, we are using the same relative scale. They have a variable fee and ours is an overall fee but they are both based on the same statistics.

Mrs. HANSEN. What is your schedule of grazing fees and also what criteria do you use to determine them.

Mr. RASMUSSEN. In calculating grazing fees the cost of doing business by the operator was determined by a 1966 study. From this a total grazing fee was determined. Then a schedule was developed to place this grazing fee into effect over a 10-year period. In addition to

this, we have a grazing fee index which reflects market changes in forage prices on private grazing in comparison to public land grazing.

Mrs. HANSEN. Please insert the index schedule in the record.

Mr. RASMUSSEN. Yes; I will be glad to.

(The information follows:)

Grazing Fees

Fees charged for grazing livestock on the public lands have been a subject of study and of controversy for many years. As far back as 1951, Congress directed each Federal agency to prescribe charges that were fair and equitable, and as uniform as practicable among the agencies.

The purpose of the Western Livestock Survey initiated in 1966 was to obtain data on costs of grazing use on some 98 National Forests, 19 National Grasslands, and 48 Bureau of Land Management grazing districts in the Western States. Data was studied and analyzed to evaluate fee structures. A value of $1.23 per animal unit month--one cow for one month--was set as a result of the study.

In 1969 when the Departments of Agriculture and Interior jointly established the new fee structure, the schedule was to be spread over a period of 10 years with the fees to be raised in annual steps of nine cents to minimize the effect on stockmen.

The Grazing Regulations also provide that: "In addition, annual adjustments may be made for any of the 1969-1978 fee years, and thereafter, to reflect current market values." This in essence is an adjustment of the base fee ($1.23) using as index of range forage values to insure continued relevance to market value.

Following this announced schedule, fees were increased in 1969 from $0.33 to $0.44 per animal unit month, $0.09 for the increment to reach fair market value and $0.02 to reflect current market values.

To allow further consideration of grazing fee levels by the Secretaries of Interior and Agriculture following the Public Land Law Review Commission report, no increase was adopted in 1970.

On December 11, 1970, by joint announcement the two Departments set the 1971 grazing fees at $0.64, to include the nine cent increment and $0.11 to reflect market increases in forage.

The 1971 grazing fee was computed as follows:

$$\frac{\text{Base Fair Market Value Fee}\ 1/}{\text{Base Period Average Forage Value}\ 3/} \cdot \frac{\text{Derived Fair Market Value Fee}\ 2/}{\text{Previous Year Average Forage Value}\ 4/}$$

Substituting $\frac{\$1.23}{\$3.65} : \frac{\text{1971 Fair Market Value (X)}}{\$4.05} = \$1.36$ 1971 Fee Base

Derived Fair Market Value	$1.36
Base Fair Market Value	-1.23
Comparability Adjustment	$0.13 5/

Thus, the 1971 adjusted fee would be:

1968 Base Fee	$0.33 6/
Total Annual Step Increase	0.18 7/
Comparability Adjustment	0.13
1971 Fee	$0.64 8/

1/ The base fair market value fee established in the Western Livestock Grazing Survey of 1966. This is a constant $1.23 in the formula.

2/ The derived fair market value fee is the new fee adjusted annually to keep pace with increases or decreases in fair market value based on the average rental rates paid by ranchers for private forage in the 11 Western States.

3/ An average forage value or average rental cost for pasturing cattle in the 11 Western States was determined using the base period 1964-1968 (the two years before and after the 1966 Survey). This value was determined from the Economic Research Service Bulleting, "Farm Real Estate Market Developments." This is also a constant figure of $3.65.

4/ The previous year average forage value is the average rental rate paid by ranchers for private forage in the 11 Western States. The source material is the Farm Real Estate Market Developments Bulletin published by the ERS.

5/ The comparability adjustment is the difference between the base fair market value fee and the annually derived fair market value fee. This figure is used to adjust the base fair market value fee to reflect current value.

6/ The 1968 base fee of $0.33 was the fee in effect at the time the 10-year fee schedule for reaching fair market value was implemented.

7/ The 10-year fee schedule called for reaching this market value ($1.23) in 10 equal increments. The difference between the fee in effect in 1968 ($0.33) and fair market value ($1.23) was $0.90 or an annual increment fee increase of $0.09 per year. Thus, each year the fee will increase by $0.09 and since two annual increments are involved in the 1971 fee, the increase will be $0.18 ($0.09 x 2 years = $0.18).

8/ The computations must be coordinated with the Forest Service since they are using the same formula.

FUNDS TO KEEP GRAZING LANDS IN GOOD CONDITION

Mrs. HANSEN. Are your grazing fees sufficient to meet the costs necessary to keep your grazing lands in good condition?

Mr. RASMUSSEN. Only a portion of the grazing fees are allocated to the public lands, the remainder goes to the Treasury.

Mrs. HANSEN. So in turn you have to request additional funds from the Treasury to supplement the funds received from the fees?

Mr. RASMUSSEN. Yes.

Mrs. HANSEN. When you let your grazing lands on a fee basis, you have to manage those lands in a way that will bring the highest possible yield to you revenue wise and the highest possible yield to the person using the grazing lands.

What portion of the total needs per year are met by appropriations and by fees and what proportion of this total meets the needs on the grazing lands?

Mr. RASMUSSEN. The range improvement fund is derived from about one-third the grazing receipts and amounts to $2.5 million in fiscal year 1972. In addition there is $6.1 million appropriated in the range management activity and about one-third of soil and watershed activity amounting to $4.5 million is directly related to the range improvement program. We have developed a 5-year program.

ACRES TO BE IMPROVED

Mrs. HANSEN. How many acres will that provide improvement for?

Mr. RASMUSSEN. It depends on the characteristics of the improvements. If it were fences or water developments it would improve many more acres than if the improvement was reseeding.

Mrs. HANSEN. What portion of your grazing lands will this improve?

Mr. RASMUSSEN. This is very difficult to arrive at. Our inventories are rather old.

Mrs. HANSEN. Why?

Mr. RASMUSSEN. Our finances haven't permitted us to make a new range inventory.

Mrs. HANSEN. How can you base a 5-year program on out-of-date inventories?

Mr. RASMUSSEN. We base the 5-year program on the best information that we have.

Mrs. HANSEN. Is it adequate?

Mr. RASMUSSEN. No, it is not adequate.

Mr. LOESCH. Could I say a word here on the philosophy of the thing?

Mrs. HANSEN. Yes, Mr. Secretary.

Mr. LOESCH. I don't think you could say that a $2.5 million program would improve to optimum, x acres. The $2.5 million is spread over a great number of acres and improves more or less all of it to some degree.

The program was designed to improve to optimum over a period of time on all of it. And we have a long ways to go.

Mrs. HANSEN. This is what I am concerned about. I think you are aware considering the economy of this country of the necessity to maxi-

mize the production on your grazing lands, because as the population grows grazing land production must increase.

If the Bureau of Land Management does not continue to improve these lands you are not obtaining an optimum amount of income.

OFFSHORE OIL LEASES

How many acres are in your offshore oil lands?

Mr. RASMUSSEN. I think it is slightly in excess of the land acreage which is about 450 million acres. In the vicinity of 500 million acres This is the area beyond the limits of State jurisdiction.

Mrs. HANSEN. How many leases at the present time have been sold?

NUMBER OF OIL LEASES AND LOCATIONS

Mr. RASMUSSEN. As of December 31, 1970, we had 1,017 active leases covering 4.3 million acres. To date we have sold 1,649 leases covering 7.2 million acres. Some of these have been canceled.

Mrs. HANSEN. Where are these leases located?

Mr. RASMUSSEN. Nearly all of the leases are located in the Gulf of Mexico and a few on the west coast near Santa Barbara.

OIL SPILLS

Mrs. HANSEN. You have had many difficulties with the problem of oil spills, because, as this subcommittee has repeatedly warned, you lack sufficient knowledge of the underwater terrain. You do not have the same knowledge that the industry has for its benefit.

As a result you have had a lot of criticism from the general public.

OIL LEASES IN THE SANTA BARBARA AREA

I think you have many requests before you from sizable groups of people in the Santa Barbara area, to issue no more oil leases. What is going to be the Department's policy on these oil leases?

Mr. LOESCH. Madam Chairman, I don't think there is any thought in the Department at the moment of making new leases in the Santa Barbara Channel. The issue before us right now is allowing drilling on existing leases in the Santa Barbara Channel.

Mrs. HANSEN. What is your policy going to be on existing leases?

Mr. LOESCH. I don't know.

Mrs. HANSEN. Is it at a standstill?

Mr. LOESCH. Secretary Morton is giving consideration to this matter.

RESPONSIBILITY IN LEASING

As you are well aware, the BLM has the responsibility for making the leases. The USGS has the supervisory authority on the operations of the leases and so on. I know that Secretary Morton is presently considering what he should do in this area.

Mrs. HANSEN. We will ask this question in greater depth when the Geological Survey testifies, but whose authority is it that allows drilling?

Mr. LOESCH. Geological Survey.

Mrs. HANSEN. If you are going to grant a lease, then the presumption is that they will drill, otherwise you wouldn't grant the leases. Is this correct?

Mr. RASMUSSEN. This is correct.

PREVENTION OF FUTURE OIL SPILL

Mrs. HANSEN. What steps are you taking that would slow down drilling until the techniques are developed so that no spills or accidents occur?

Mr. LOESCH. If I could say a word on that, Madam Chairman, the implementation of the National Environmental Policy Act of 1969—has at least given us more of an idea of what we need to do just by the very process of implementing that act and investigating the implications of leasing.

You are aware that we had a lease sale in the Gulf of Mexico in December of 1970. This sale, on account of the public outcry, had been postponed for a considerable time while an environmental impact statement was prepared—public hearings held.

Mrs. HANSEN. The lease itself?

Mr. LOESCH. The lease sale had been postponed. As a matter of fact that sale, held December 15, 1970, was the first wildcat sale in this administration, and certainly my first experience.

As a result of the postponement, I am confident that both the environmental aspect of the sale and the presale criteria were more closely looked at in recommendations for that sale than ever before. We held public hearings before that sale in New Orleans last summer.

The environmental impact statement required under the Environmental Policy Act was developed over considerable periods of time, and it is my opinion, that while not perfect, both USGS and BLM had a better handle on it than ever before. Would you agree?

Mr. RASMUSSEN. Yes.

SANTA BARBARA LEASE DATES

Mr. LOESCH. I am not involved directly in the question on Santa Barbara because as I say those leases were made years ago.

Mrs. HANSEN. When were the leases granted?

Mr. RASMUSSEN. The leases were sold on February 6, 1968.

Mrs. HANSEN. How many were granted?

Mr. RASMUSSEN. Seventy-one tracts, totaling 363,000 acres.

Mrs. HANSEN. What is the size of the leases issued in 1970?

Mr. LOESCH. The leases issued as a result of the December 15, 1970, sale, in the Gulf of Mexico, totaled 543,000 acres.

REQUIREMENTS OF LEASES

Mrs. HANSEN. Do your leases, provide stipulations for cleanup costs?
Mr. LOESCH. Yes.
Mrs. HANSEN. The industry must pay the cost of cleanup?
Mr. LOESCH. This is correct.

TECHNIQUES IN OIL SPILL PREVENTION AND CLEANUP

Mrs. HANSEN. Isn't it true that there is a lack of knowledge on cleanup techniques?
Mr. LOESCH. I am more inclined to feel that the technology is there.
Mrs. HANSEN. Isn't the technology being used?
Mr. LOESCH. I think as a historical matter it is only recently that people have really been concerned.
Mrs. HANSEN. This committee has been concerned about this for many years. I can well remember discussing this very subject of lack of knowledge on terrain during our hearings a few years ago when I first became chairman.
Mr. LOESCH. Terrain. I am sorry I misunderstood you.
Mrs. HANSEN. This is a problem you have to consider in your leasing, because there are certain types of terrain that lend themselves to more difficulties than others as you are well aware.
My guess is that earthquake prone country would be a more fragile area to manage.
The committee is very interested in seeing what you are developing in the way of cleanup techniques, because the techniques used in the past in the cleanup of tanker spills have not been very sophisticated.
If the technology is there it should be used.
Mr. LOESCH. I didn't mean to imply that I believe we have a perfect technology for cleaning up all possible oil spills. We don't. And, of course, we are aware that in some regards the cleanup of a spill is rather primitive, like bales of straw and what not to soak up the oil.
I was thinking more of the management of the actual well or platform during drilling rather than a catastrophic spill.

NUMBER OF OIL SPILLS

Mrs. HANSEN. How many oil spills have occurred in Alaska during drilling?
Mr. RASMUSSEN. I think there have been a few spills in Alaska. However, the leases are on State land and under State supervision.
Mrs. HANSEN. How many spills have you had as a result of the drilling on offshore lands? Please insert the information in the record.
(The information follows:)

OIL SPILLS RECORDED ON OCS INVOLVING OVER 2,000 BARRELS

Name	Date	Cause
Main Pass area, platform	Mar. 10, 1970	Fire damaged wells.
Santa Barbara, platform	Jan. 28, 1969	Blowout.
Ship Shoal area, platform	Oct. 3, 1964	Hurricane.
Eugene Island area, platform	Apr. 8, 1964	Collision.
Ship Shoal, drilling	Mar. 16, 1969	Storm shifting.

LAND AND WATER CONSERVATION FUND RECEIPTS

Mrs. HANSEN. I think the sale of oil leases increased substantially as a result of the philosophy that this would bring a great deal of revenue to the Land and Water Conservation Fund. Is this not true?

Mr. LOESCH. Yes, ma'am.

Mrs. HANSEN. As I recall the Secretary of the Interior at that time appeared before this committee and testified how much revenue would be available in the Land and Water Conservation Fund as a result of the oil leases. I think it would be well at this point in the record to insert the value of the oil leases for the past 5 years, and the amounts of revenue that have been generated into the Land and Water Conservation Fund for the past 3 years.

Mr. RASMUSSEN. Fiscal year 1971 will be the third year.

OIL PRODUCTION AND DESTINATION

Mrs. HANSEN. Also insert in the record the number of barrels of oil produced from these leases and their value, whether the oil has been used domestically or exported, and what your royalties have been.

(The information follows:)

OCS Leasing Information

Receipts

Total FY 1955 - 1/31/71 . . . . . $5,984,645,000[a/]

a/ Includes $1,663,764,000 in escrow.

Five year total - FY 1966-FY 1970 . . . . . 2,150,203,000[b/]

b/ Includes $662,656,000 to escrow.

Funds to Land and Water Conservation Fund

FY 1969	$ 126,873,000
FY 1970	107,882,000
FY 1971 (estimate)	202,000,000
FY 1972 (estimate)	190,000,000

Production and Value of Petroleum Through CY 1969

Barrels of Petroleum[a/]	1,667,000,000
Production Value	$5,209,000,000
Royalty Value[b/]	937,526,000

a/ Includes condensate.

b/ Includes basic, additional and tax royalty.

Present Distribution of Crude Oil

Gulf OCS

Based on recent distribution patterns of crude oil produced offshore and onshore Louisiana, the following distribution pattern can be assumed for the Gulf OCS:

35% refined in Louisiana
18% shipped to East Coast
20% shipped to Midwest
20% shipped to Texas
7% shipped to Mississippi
-- Less than 1% shipped to Trinidad

California OCS

All consumed on West Coast.

Exports

Exports of OCS crude oil have been neglible.

CLEANUP CLAUSE IN REGULATIONS

Mrs. HANSEN. Mr. McDade.

Mr. MCDADE. You indicated, Mr. Secretary, that there is a cleanup clause in the leases that are bid in and that the drillers or the leasees are responsible for cleanup costs?

Mr. LOESCH. They are in the regulations.

Mrs. HANSEN. Please insert in the record your regulations and a sample lease.

Mr. LOESCH. Yes.

(The information follows:)

Regulations Pertaining To

MINERAL LEASING, OPERATIONS and PIPELINES

on the

OUTER CONTINENTAL SHELF

as contained in

TITLE 30 and TITLE 43
of the
CODE OF FEDERAL REGULATIONS
and the

OUTER CONTINENTAL SHELF LANDS ACT
(67 Stat. 462)

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APRIL 1968

PREFACE

This booklet contains regulations governing the conduct of mineral operations and development in the Outer Continental Shelf (30 CFR, Part 250) which are administered by the U. S. Geological Survey, and regulations governing the granting of rights-of-way for pipelines on the Outer Continental Shelf (43 CFR, Part 2230, Section 2234.5-3) and leasing of mineral deposits in the Outer Continental Shelf (43 CFR, Part 3380), which are administered by the Bureau of Land Management.

The "Outer Continental Shelf Lands Act" (67 Stat.462) and Bureau of Land Management forms used for leases under the Outer Continental Shelf Lands Act are also included as part of this booklet.

* * * * * * * * *

TABLE OF CONTENTS

	Page
Title 30, Code of Federal Regulations Part 250 - Oil and Gas and Sulphur Operations in the Outer Cont. Shelf.....	3
Title 43, Code of Federal Regulations Part 2230-Special Uses Section 2234.5-3-For Pipe Lines on the Outer Continental Shelf.....	17
Part 3380-Outer Continental Shelf Mineral Deposits.....	21
Outer Continental Shelf Lands Act (67 Stat. 462).....	33
Bureau of Land Management Forms Oil and Gas Lease of Submerged Lands Under the Outer Continental Shelf Lands Act (Form 3380-1).....	43
Sulfur Lease Under the Outer Continental Shelf Lands Act (Form 3380-7).....	47

CODE OF FEDERAL REGULATIONS

TITLE 30

PART 250

OIL AND GAS AND SULPHUR OPERATIONS IN THE OUTER CONTINENTAL SHELF

PART 250—OIL AND GAS AND SULPHUR OPERATIONS IN THE OUTER CONTINENTAL SHELF

GENERAL PROVISIONS

Sec.
250.1 Purpose and authority.
250.2 Definitions.

JURISDICTION AND FUNCTIONS OF SUPERVISOR

250.10 Jurisdiction.
250.11 General functions.
250.12 Regulation of operations.
250.13 Temporary approvals.
250.14 Samples, tests, and surveys.
250.15 Drilling and abandonment of wells.
250.16 Well potentials and permissible flow.
250.17 Well-spacing and well-casing.
250.18 Rights of use and easement.
250.19 Rentals, royalties, and other payments.
250.20 Suspension of operations and production.

REQUIREMENT FOR LESSEES

250.30 Lease terms, regulations, waste, damage, and safety
250.31 Designation of operator.
250.32 Local agent.
250.33 Drilling and producing obligations.
250.34 Drilling and development programs.
250.34a Extension of leases by drilling or well reworking.
250.35 Subsequent well operations.
250.36 Well designations.
250.37 Well records.
250.38 Samples, tests, and surveys.
250.39 Directional survey.
250.40 Control of wells.
250.41 Emulsion and dehydration.
250.42 Pollution.
250.43 Well abandonment.
250.44 Accidents and fires.
250.45 Workmanlike operations.
250.46 Sales contracts.
250.47 Division orders.
250.48 Royalty and rental payments.

MEASUREMENT OF PRODUCTION AND COMPUTATION OF ROYALTIES

250.60 Measurement of oil.
250.61 Measurement of gas.
250.62 Determination of content of gas.
250.63 Quantity basis for substances extracted from gas.
250.64 Value basis for computing royalties.
250.65 Royalty on oil.
250.66 Royalty on unprocessed gas.
250.67 Royalty on processed gas.
250.68 Commingling production.
250.69 Measurement of sulphur.

PROCEDURE IN CASE OF DEFAULT BY LESSEE

Sec.
250.80 Default.
250.81 Appeals.
250.82 Judicial review.

REPORTS TO BE MADE BY ALL LESSEES (INCLUDING OPERATORS)

250.90 General requirements.
250.91 Sundry notices and reports on wells.
250.92 Log and history of well.
250.93 Monthly report of operations.
250.94 Statement of oil and gas runs and royalties.
250.95 Special forms or reports.
250.96 Waiver on filing reports.

MINERAL LEASES AFFECTED BY SECTION 6 OF OUTER CONTINENTAL SHELF LANDS ACT

250.100 Effect of regulations on provisions of lease.

AUTHORITY: The provisions of this Part 250 issued under secs. 5, 6, 67 Stat. 464, 465; 43 U.S.C. 1334, 1335.

SOURCE: The provisions of this Part 250 appear at 19 F.R. 2656, May 8, 1954, unless otherwise noted.

CROSS REFERENCE: For further regulations pertaining to the issuance and recognition of mineral leases covering submerged lands in the outer Continental Shelf, see 43 CFR Part 3380.

GENERAL PROVISIONS

§ 250.1 Purpose and authority.

The Outer Continental Shelf Lands Act enacted on August 7, 1953 (67 Stat. 462), referred to in this part as "the act," authorizes the Secretary of the Interior to prescribe rules and regulations applicable to operations conducted under a lease issued or maintained under the provisions of the act, and for the prevention of waste, the conservation of natural resources of the outer Continental Shelf, and the protection of correlative rights therein. The regulations in this part shall be administered by the Director of the Geological Survey.

NOTE: Compliance with the regulations of this part does not obviate the necessity of compliance with requirements and regulations of the Department of the Army and the Coast Guard with respect to prevention of obstruction to navigation, lights, and warning devices, and other matters relating to safety of life and property, as authorized by section 4 of the act.

58-160 O - 71 - pt. 1 --15

§ 250.2 Definitions.

The following terms as used in the regulations in this part shall have the meanings here given:

(a) *Secretary.* The Secretary of the Interior.

(b) *Director.* The Director of the Geological Survey, Washington, D. C., having administrative direction of the enforcement of the regulations in this part.

(c) *Supervisor.* A representative of the Secretary, under administrative direction of the Director, authorized and empowered to regulate operations and to perform other duties prescribed in the regulations in this part, or any subordinate of such representative acting under his direction.

(d) *Outer Continental Shelf.* All submerged lands (1) which lie seaward and outside of the area of lands beneath navigable waters as defined in the Submerged Lands Act (67 Stat. 29) and (2) of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control.

(e) *Lease.* The contract or agreement under which the leasehold rights are held by the lessee, or the land covered by the contract or agreement, whichever is required by the context.

(f) *Lessee.* The party authorized by a lease, or an approved assignment thereof, to develop and produce the leased deposits in accordance with the regulations in this part, including all parties holding such authority by or through him.

(g) *Operator.* The individual, partnership, firm, or corporation having control or management of operations on the leased land or a portion thereof. The operator may be a lessee, designated agent of the lessee, or holder of rights under an approved operating agreement.

(h) *Waste of oil and gas.* Waste means and includes (1) physical waste as that term is generally understood in the oil and gas industry; (2) the inefficient, excessive, or improper use of, or the unnecessary dissipation of reservoir energy; (3) the locating, spacing, drilling, equipping, operating, or producing of any oil or gas well or wells in a manner which causes or tends to cause reduction in the quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations or which causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas; (4) the inefficient storage of oil; and (5) the production of oil or gas in excess of transportation or marketing facilities or in excess of reasonable market demand.

(i) *Directional drilling.* The deviation of a bore hole from the vertical or from its normal course in an intended predetermined direction or course with respect to the points of the compass. Directional drilling shall not include deviations made for the purpose of straightening a hole that has become crooked in a normal course of drilling or deviating a hole at random without regard to compass direction in an attempt to sidetrack a portion of the hole on account of mechanical difficulty in drilling.

JURISDICTION AND FUNCTIONS OF SUPERVISOR

§ 250.10 Jurisdiction.

Drilling and production operations, handling and measurement of production, determination and collection of rental and royalty, and, in general, all operations subject to the regulations in this part are under the jurisdiction of the supervisor for any district as delineated by the Director.

§ 250.11 General functions.

The supervisor is authorized to act upon the requests, applications, and notices made or given by an operator or lessee under the regulations in this part and to require compliance with lease terms, with the regulations in this part and all other applicable regulations, and with applicable law to the end that all operations shall conform to sound conservation practice and shall be conducted in such manner as to protect the natural resources of the outer Continental Shelf and result in their maximum economic recovery. After appropriate hearings, the supervisor may establish field rules to govern the development and method of production of a pool, field, or area. The supervisor may require satisfactory evidence that a lease is in good standing, that the lessee or operator is authorized to conduct operations, and that an acceptable bond has been filed before permitting operations on the leased land.

§ 250.12 Regulation of operations.

(a) *Duties of supervisor.* The supervisor shall inspect and regulate operations under the regulations in this part and shall issue orders and rules necessary, in his judgment, to prevent damage, or waste of any natural resource, or injury to life or property.

(b) *Emergency suspensions.* The supervisor is authorized to require a lessee by written notice to suspend any operation or method of operation which endangers life or threatens immediate, serious, or irreparable damage to the leased deposits or other valuable mineral deposits.

§ 250.13 Temporary approvals.

Whenever the regulations in this part require a lessee to obtain approval of the supervisor, the lessee may make an oral or telegraphic request for such approval, and the supervisor may give such oral or telegraphic approval as may be warranted: *Provided,* That the transaction shall forthwith be confirmed in the manner otherwise required by the regulations in this part.

§ 250.14 Samples, tests, and surveys.

(a) When deemed necessary or advisable, the supervisor is authorized to require that adequate tests or surveys be made in an acceptable manner without cost to the lessor to determine the reservoir energy; the presence, quantity, and quality of oil, gas, sulphur, other mineral deposits, or water; the amount and direction of deviation of any well from the vertical; or the formation, casing, tubing, or other pressures.

(b) The supervisor may, at the time of approval of any notice to drill or redrill any well, stipulate reasonable requirements for the taking of formation samples or cores to determine the identity and character of any formation.

§ 250.15 Drilling and abandonment of wells.

The supervisor shall demand drilling in accordance with the terms of the lease and of the regulations in this part; and shall require plugging and abandonment, in accordance with such plan as may be approved or prescribed by him, of any well no longer used or useful, and upon failure to secure compliance with such requirement, perform the work at the expense of the lessee, expending available public funds, and submit such report as may be needed to furnish a basis for appropriate action to obtain reimbursement.

§ 250.16 Well potentials and permissible flow.

The supervisor is authorized to specify the time and method for determining the potential capacity of any well and to fix, after appropriate notice, the permissible production of any such well that may be produced when such action is necessary to prevent waste or to conform with such proration rules, schedules, or procedures as may be established by the Secretary.

§ 250.17 Well-spacing and well-casing.

(a) The supervisor shall approve well locations and well-spacing and -casing programs determined to be necessary for the proper development of the lease, giving due consideration to the location of drilling platforms, the geological and reservoir characteristics of the field, and the number of wells that can be economically drilled.

(b) The supervisor may approve irregular spacing of wells and development plans providing for a predetermined number of wells to be drilled and abandoned when required for the proper exploration and development of sulphur deposits.

§ 250.18 Rights of use and easement.

(a) In addition to the rights and privileges granted to a lessee under any lease issued or maintained under the act, the supervisor may grant such lessee, subject to such reasonable conditions as said supervisor may prescribe, the right of use or an easement to construct and maintain platforms, fixed structures, and artificial islands, and to use the same for carrying on operations, including drilling, directional drilling, producing, treating, handling, and storing production, and housing personnel engaged in operations, not only in connection with the lease on which the platform, structure, or island, is situated, but for the conduct of operations on any other lease, State or Federal.

(b) The supervisor may grant to a holder of a Federal or State lease the right of use or an easement to construct and maintain platforms, fixed structures, and artificial islands on areas of the outer Continental Shelf, near or adjacent to the leased area, and to use same

for drilling directional well or wells to be bottomed under the leased area, and for producing and reworking such well or wells, and for handling, treating, and storing the production therefrom. Such rights of use or easement if on an area subject to any mineral lease issued or maintained under the act shall be granted only after the lessee under such lease has been notified and afforded an opportunity to voice objections thereto, and any such right shall be exercised only in such manner so as not to interfere unreasonably with operations of the lessee under such lease.

(c) Once a right of use or easement has been exercised by the erection of fixed platforms, structures, or islands, the right shall continue so long as such platforms, structures, or islands are maintained, even beyond the termination of any lease on which they may be situated, and the rights of all subsequent lessees shall be subject to such rights of use and easement by prior lessees. The foregoing right of use and easement shall include the right to lay gathering lines, flow lines, and other pipelines used in connection with any lease operations, for moving production to a central point for purposes of gathering, treating, or storing. The right of use and easement shall not apply to pipelines used for transporting oil, gas, or other production after the same has been treated and measured, such rights-of-way being provided for in regulations under section 5 (c) of the Outer Continental Shelf Lands Act.

§ 250.19 Rentals, royalties, and other payments.

The supervisor shall determine pursuant to the lease and regulations the rental and the amount or value of production accruing to the lessor as royalty, the loss through waste or failure to drill and produce protection wells on the lease, and the compensation due to the lessor as reimbursement for such loss.

§ 250.20 Suspension of operations and production.

On receipt of an application for suspension of operations or production or for relief from any drilling or producing requirements under a lease, the supervisor shall grant such approval as he may deem warranted in the premises or reject such application, subject to the right of appeal as provided in § 250.81.

REQUIREMENTS FOR LESSEES

§ 250.30 Lease terms, regulations, waste, damage, and safety.

The lessee shall comply with the terms of the lease, with the written orders of the supervisor, and, subject to the provisions of section 5(a) of the act, with the regulations in this part and any amendments thereof. The lessee shall take all reasonable precautions to prevent damage or waste of any natural resource or injury to life or property or the aquatic life of the seas.

§ 250.31 Designation of operator.

In all cases where operations are not conducted by the record owner but are to be conducted under authority of an unapproved operating agreement, assignment, or other arrangement, a "designation of operator" shall be submitted to the supervisor, in a manner and form approved by him, prior to commencement of operations. Such designation will be accepted as authority of operator or his local representative to fulfill the obligations of the lessee and to sign any papers or reports required under the regulations in this part. All changes of address and any termination of the authority of the operator shall be immediately reported, in writing, to the supervisor or his representative. In case of such termination or of controversy between the lessee and the designated operator, the operator, if in possession of the lease, will be required to protect the interests of the lessor.

§ 250.32 Local agent.

When required by the supervisor, the lessee shall designate a representative empowered to receive notices and comply with orders of the supervisor issued pursuant to the regulations in this part.

§ 250.33 Drilling and producing obligations.

(a) The lessee shall diligently drill and produce such wells as are necessary to protect the lessor from loss by reason of production on other properties, or in lieu thereof, with the consent of the supervisor, shall pay a sum determined by the supervisor as adequate to compensate the lessor for failure to drill and produce any such well. In the event that the lease is not being maintained in force by other production of oil or gas in paying quantities or by other approved drilling or reworking op-

erations, such payments shall be considered as the equivalent of production in paying quantities for all purposes of the lease.

(b) The lessee shall promptly drill and produce such other wells as the supervisor may reasonably require in order that the lease may be properly and timely developed and produced in accordance with good operating practices.

§ 250.34 Drilling and development programs.

(a) Prior to the beginning of any operations on the lease, including the construction of drilling or production platforms or other structures, the lessee shall submit to the supervisor for approval an acceptable plan for the performance of such work. Such plan shall include (1) a plan of the drilling or production platform or structures, showing the location and major features thereof, (2) the proposed well-casing program for the initial well, (3) the location of the initial well (including surface and projected bottom-hole location if the well is to be directionally drilled), (4) structural interpretations based on available geological and geophysical data, and (5) such other pertinent data as the supervisor may prescribe.

(b) After a discovery has been made on the lease, the lessee shall submit to the supervisor a plan of development for the lease or field including (1) the number and location of the proposed wells (including the projected bottom-hole location for directionally drilled wells) and the approximate time for drilling each, (2) amendments or additions to the structural interpretations, (3) plans for additional drilling or producing platforms or other structures, (4) the well-casing program for the field or area, and (5) such other data as the supervisor may prescribe. Such program must be approved by the supervisor and may be modified from time to time as conditions may warrant.

(c) In order to protect the interests of the lessee, geological and geophysical interpretations required by this section shall, upon request of the lessee, be classified as not available for public inspection until such time as the supervisor determines the release of such information is required and necessary for the proper development of the field or area.

§ 250.34a Extension of leases by drilling or well reworking.

(a) The Secretary shall be deemed to have approved, within the meaning of section 8(b)(2) of the Outer Continental Shelf Lands Act, drilling or well reworking operations, conducted on the leased area in the following instances:

(1) If, after discovery of oil or gas in paying quantities has been made on the leasehold, and within 90 days prior to expiration of the five-year term or any extension thereof, or thereafter, the production thereof shall cease at any time, or from time to time, from any cause and production is restored or drilling or well reworking operations are commenced within 90 days thereafter, and such drilling or well reworking operations (whether on the same or different wells) are prosecuted diligently until production is restored in paying quantities.

(2) If, within 90 days prior to expiration of the five-year term or any extension thereof, or thereafter, at any time, or from time to time, lessee is engaged in drilling or well reworking operations on the leasehold and there is no well on the leasehold capable of producing in paying quantities and the lessee diligently prosecutes such operations (whether on the same or different wells) with no cessation of more than 90 days.

(b) The Secretary may approve such other operations for drilling or reworking upon application of lessee.

(c) Nothing in this section obviates the necessity of obtaining the Supervisor's approval of a plan or notice of intention to drill or of complying with the other provisions of this part.

[24 F.R. 9527, Nov. 28, 1959]

§ 250.35 Subsequent well operations.

After completion of all operations contemplated under any previously approved notice or plan, the lessee shall not begin to redrill, repair, deepen, plug back, shoot, or plug and abandon any well, make water shutoff, alter the casing or liner, stimulate production by acid, gas, air, water injection, or any other method, change the method of recovering production, or use any formation or well for gas storage or water disposal without first notifying the supervisor of

his plan and intention and receiving written approval prior to commencing the contemplated work. This requirement shall not deter the lessee from taking any action in an emergency to prevent damage.

§ 250.36 Well designations.

The lessee shall mark promptly each drilling platform or structure in a conspicuous place, showing his name or the name of the operator, the serial number of the lease, the identification of the wells, and shall take all necessary means and precautions to preserve these markings.

§ 250.37 Well records.

(a) The lessee shall keep on the lease, or at his headquarters for the field, or otherwise conveniently available to the supervisor, accurate and complete records of the production, drilling, redrilling, deepening, repairing, cementing, alterations to casing, plugging, abandoning, and all other well operations, including electrical or radioactive well logs and directional well surveys. The records shall show all the formations penetrated, the content and character of oil, gas, other mineral deposits, or water in each formation; the kind, weight, size, and landed depth of casing used in drilling each well on the leased lands; and any other information obtained in the course of well operations.

(b) The lessee shall, within 30 days after the completion of any well and within 30 days after the completion of any further operations on it, transmit to the supervisor copies of the records of such work on forms furnished by or acceptable to him.

(c) The lessee shall, within 30 days after the completion of electrical or radioactive well-logging operations or directional well surveys, transmit to the supervisor copies of such logs or charts. Such logs or charts may be either field copies of individual runs or composite logs of more than one run.

(d) The lessee shall also submit such other reports and records of operations as may be required and in the manner and form prescribed by the supervisor.

(e) Upon request and in the manner and form prescribed by the supervisor, the lessee shall furnish a copy of the daily drilling report, a plat showing the location, designation, and status of all wells on the leased lands, together with such other pertinent information as the supervisor may require.

(f) When deemed advisable by the supervisor, the lessee shall require each service company to furnish promptly to the supervisor legible, exact copies of reports on cementing, perforating, acidizing, or other similar services.

§ 250.38 Samples, tests, and surveys.

(a) The lessee, when required by the supervisor, shall make adequate tests or surveys in an acceptable manner, without cost to the lessor, to determine the reservoir energy; the presence, quantity, and quality of oil, gas, sulphur, other mineral deposits, or water; the amount and direction of deviation of any well from the vertical; or the formation, casing, tubing, or other pressures.

(b) The lessee shall take such formation samples or cores to determine the identity and character of any formation in accordance with reasonable requirements of the supervisor prescribed at the time of approval of the notice to drill or redrill any well.

§ 250.39 Directional survey.

(a) An angular deviation and directional survey shall be made of the finished hole of each well directionally drilled.

(b) The supervisor, at the request of an offset lessee made prior to completion of a well, may require a lessee of an adjoining lease to make or furnish a directional survey of any hole, at the risk and expense of the offset lessee making such request. A copy of such directional survey shall be furnished to the supervisor and the offset lessee. If it is determined that such well is closer to the line of the offset lease than one-half (½) the required distance from such line fixed by an approved spacing program or by special field rules, the risk and expense of making such directional survey shall be borne by the offending lessee; and, unless and until the hole is promptly straightened to correct the offense, the supervisor may reduce the allowable production from the well to prevent its draining unduly the offset leased area. Neither the imposition of any penalty or of the costs of such survey upon the offending lessee nor the re-

duction of the allowable production from the well is intended to prejudice any other remedy which the affected parties may have.

§ 250.40 Control of wells.

(a) The lessee shall take all reasonable precautions for keeping all wells under control at all times and shall provide at the time any well is started the proper high-pressure fittings and equipment as the supervisor may prescribe or approve. A conductor string of casing must be cemented throughout its length, and all strings of casing must be securely cemented and anchored unless other procedure is authorized or prescribed by the supervisor.

(b) The lessee shall take all reasonable precautions to prevent any well from blowing open and shall take immediate steps and exercise due diligence to bring under control any such well. Storm chokes or similar safety devices shall be installed in any well capable of flowing oil or gas: *Provided*, That if in the opinion of the Supervisor, upon a clear showing by the lessee, a storm choke or similar safety device is not needed for the protection of the well or is likely to cause damage to or loss of the well, the Supervisor is authorized to waive this requirement.

[19 F.R. 2656, May 8, 1954, as amended at 25 F.R. 637, Jan. 26, 1960]

§ 250.41 Emulsion and dehydration.

(a) The lessee shall complete and maintain all oil wells in such mechanical condition and operate them in such manner as to prevent, so far as possible, the formation of emulsion and basic sediment.

(b) The lessee shall put in marketable condition, if commercially feasible, all products produced from the leased land and pay royalty thereon without recourse to the lessor for deductions on account of costs of treatment.

§ 250.42 Pollution.

The lessee shall not pollute the waters of the high seas or damage the aquatic life of the sea or allow extraneous matter to enter and damage any mineral- or water-bearing formation. The lessee shall dispose of all useless liquid products of wells in a manner acceptable to the supervisor.

§ 250.43 Well abandonment.

The lessee shall promptly plug and abandon any well on the leased land that is not used or useful, but no productive well shall be abandoned until its lack of capacity for further profitable production of oil, gas, or sulphur has been demonstrated to the satisfaction of the supervisor. Before abandoning a producible well, the lessee shall submit to the supervisor a statement of reasons for abandonment and his detailed plans for carrying on the necessary work. A producible well may be abandoned only after receipt of written approval by the supervisor. No well shall be plugged and abandoned until the manner and method of plugging shall be approved or prescribed by the supervisor. Equipment shall be removed, and premises at the well-site shall be properly conditioned immediately after plugging operations are completed on any well when directed by the supervisor. Drilling equipment shall not be removed from any suspended drilling well without taking adequate measures to protect the natural resources.

§ 250.44 Accidents and fires.

The lessee shall take all reasonable precautions to prevent accidents and fires, shall immediately notify the supervisor of any serious accident or fire on the leasehold, and shall submit a full report thereon within 10 days.

§ 250.45 Workmanlike operations.

The lessee shall carry on all operations and maintain the property at all times in a safe and workmanlike manner, having due regard for the preservation and the conservation of the property and for the health and safety of employees. The lessee shall take reasonable steps to prevent accumulations of oil or other materials deemed to be fire hazards and shall promptly remove such hazardous accumulations as do occur.

§ 250.46 Sales contracts.

(a) The lessee shall file with the supervisor not less than 30 days after the effective date thereof copies of all contracts for the disposal of lease products; provided that the supervisor may relieve the lessee of this requirement, in which event the contracts shall be made available for

inspection by the supervisor upon his request. Nothing in any such contract or in any approval thereof by the supervisor as authorized in paragraph (b) of this section shall be construed or accepted as modifying any of the provisions of the lease, including, but not limited to, provisions relating to gas waste, taking royalty in kind, and the method of computing royalties due as based on a minimum valuation and in accordance with the regulations applicable to the lands covered by the contract.

(b) If request for approval of a contract is made by the seller, the contract may be approved by the supervisor subject to the conditions provided in paragraph (a) of this section and to such further conditions as may be prescribed by the supervisor.

(c) Lessee may submit to the Secretary, through the supervisor, for approval any long-term contract which the lessee has made or proposes to make for the sale of gas produced from a lease or leases. Should the Secretary approve such contract, for the purpose of computing royalties on gas sold and delivered from the lease or leases under such contract, the value of the gas on the leased premises shall be the price paid therefor under such contract. Nothing in any such contract, or the approval thereof, shall be construed to limit the right of the United States to take its royalty in kind.

§ 250.47 Division orders.

The lessee shall file with the supervisor not less than 30 days after the effective date thereof copies of division orders or other instruments granting to transportation agencies or purchasers authority to receive products from leased lands. The supervisor may, upon request, approve such orders or other instruments subject to such conditions as he shall prescribe.

§ 250.48 Royalty and rental payments.

The lessee shall pay all rentals when due and shall pay in value or deliver in production all royalties in the amounts determined by the supervisor as due under the terms of the lease. Payments of rentals and royalties in value shall be by check or draft on a solvent bank, or by money order, drawn to the order of the United States Geological Survey.

[21 F. R. 4668, June 27, 1956]

Measurement of Production and Computation of Royalties

§ 250.60 Measurement of oil.

The lessee shall gage and measure all production in accordance with methods approved by the supervisor. The lessee shall provide tanks suitable for measuring accurately the crude oil produced from the lease (positive copies of 100 percent capacity tank tables to be furnished to the supervisor) or may arrange with the supervisor for other acceptable methods of measuring, storing, and recording production. The quantity and quality of all production shall be determined in accordance with the standard practices, procedures, and specifications generally used by the industry.

§ 250.61 Measurement of gas.

The lessee shall measure all gas production in accordance with methods approved by the supervisor, and the measured volumes shall be adjusted to the standard pressure base of 10 ounces above the atmospheric pressure of 14.4 pounds per square inch, a standard temperature of 60° Fahrenheit, and for deviation from Boyle's law. If gas is being disposed of at a different pressure base, the supervisor may require that gas volumes be adjusted to conform to such base.

§ 250.62 Determination of content of gas.

The content of gas delivered to an extraction plant treating gas from the lease shall be determined periodically by field tests, as required by the supervisor, to be made at the place and by the methods approved by him and under his supervision.

§ 250.63 Quantity basis for substances extracted from gas.

(a) The primary quantity basis for computing monthly royalties on casinghead or natural gasoline, butane, propane, or other substances (hereinafter called substances in this section) extracted from gas is the monthly net output of the plant at which the substances are manufactured, "net output" being defined as the quantity of each substance that the plant produces for sale.

(b) If the net output of a plant is derived from the gas obtained from only one lease, the quantity of substances on which computations of roy-

alty for the lease is based is the net output of the plant.

(c) If the net plant output of a substance is derived from gas obtained from several leases producing gas of uniform content of such substance, the proportion of net output of the substance allocable to each lease as a basis for computing royalty will be determined by dividing the amount of gas delivered to the plant from each lease by the total amount of gas delivered from all leases.

(d) If the net plant output of a substance is derived from gas obtained from several leases producing gas of diverse content of such substance, the proportion of net output of the substance allocable to each lease as a basis for computing royalty will be determined by multiplying the amount of gas delivered to the plant from the lease by the substance content of the gas and dividing the arithmetical product thus obtained by the sum of the similar arithmetical products separately obtained for all leases from which gas is delivered to the plant.

§ 250.64 Value basis for computing royalties.

The value of production, for the purpose of computing royalty, shall be the estimated reasonable value of the product as determined by the supervisor, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field or area, to the price received by the lessee, to posted prices, and to other relevant matters. Under no circumstances shall the value of production of any of said substances for the purposes of computing royalty be deemed to be less than the gross proceeds accruing to the lessee from the sale thereof or less than the value computed on such reasonable unit value as shall have been determined by the Secretary. In the absence of good reason to the contrary, value computed on the basis of the highest price paid or offered at the time of production in a fair and open market for the major portion of like-quality products produced and sold from the field or area where the leased lands are situated will be considered to be a reasonable value.

§ 250.65 Royalty on oil.

(a) The royalty on crude oil shall be the percentage of the value or amount of the crude oil produced from the leased lands established by law, regulation, or the term of the lease. No deduction may be made for actual or theoretical transportation losses.

(b) Royalty shall be based on production removed from the lease except that, when conditions so warrant, the supervisor may require such royalty to be based on actual monthly production. Evidence of all shipments shall be filed with the supervisor within five days (or such longer period as the supervisor may approve) after the oil has been run by pipeline or by other means of transportation. Such evidence shall be signed by representatives of the lessee and of the purchaser or the transporter who have witnessed the measurements reported, and the determinations of gravity, temperature, and the percentage of impurities contained in the oil shall be shown.

§ 250.66 Royalty on unprocessed gas.

If gas, either gas-well gas or casing-head gas, is sold without processing for the recovery of constituent products, the royalty thereon shall be the percentage established by the terms of the lease of the value or amount of the gas produced.

§ 250.67 Royalty on processed gas.

(a) If gas-well gas is processed for the recovery of constituent products, a royalty as provided in the lease will accrue on the value of all residue gas, and on all natural gasoline, butane, propane, or other substances extracted therefrom.

(b) If casing-head gas is processed for the recovery of constituent products, a royalty as provided in the lease will accrue as follows:

(1) On the full amount of the residue gas remaining after processing.

(2) Unless otherwise provided in the lease, on the value of 50 percent (or the net proceeds received by the lessee if greater than 50 percent) of all natural gasoline, butane, propane, or other substances extracted from the casing-head gas.

(c) In determining the value of natural gasoline, the volume of such gasoline may be corrected when deemed necessary by the supervisor to such standard and by such method as may be approved by the supervisor, in order that volumetric differences between natural gasolines of various specifications may be equitably adjusted.

(d) No allowance shall be made for boosting residue gas or other expenses incidental to marketing.

(e) The lessee, with the approval of the supervisor, may establish a gross value per unit of one thousand cubic feet of gas on the lease or at the wellhead for the purposes of computing royalty for gas-well gas or casing-head gas processed for the recovery of constituent products.

§ 250.68 Commingling production.

Subject to such conditions as he may prescribe for measurement and allocation of production, the supervisor may authorize the lessee to move production from the lease to a central point for purposes of treating, measuring, and storing, and in moving such production, the lessee may commingle the production from different wells, leases, pools, and fields, and with production of other operators. The central point may be on shore or at any other convenient place selected by lessee.

§ 250.69 Measurement of sulphur.

The measurement of sulphur for the purpose of computing royalty shall be on such basis and shall conform to such standards as the supervisor may approve.

PROCEDURE IN CASE OF DEFAULT BY LESSEE

§ 250.80 Default.

Whenever the owner of a lease fails to comply with the provisions of the regulations in this part, the supervisor is authorized to give 30-day notice of such default by registered letter to the lessee at his record post office address as provided in section 5(b)(1) of the act and to recommend to the Secretary, through the Director, lease cancellation pursuant to section 5(b) (1) and (2) of the act, appropriate action under the penalty provisions of section 5(a)(2) of the act, or the exercise of such other legal or equitable remedy as the lessor may have.

§ 250.81 Appeals.

(a) An appeal from any order issued under authority of the regulations in this part may be filed as set forth in this section. Compliance with any such order shall not be suspended by reason of an appeal having been taken unless such suspension is authorized in writing by the Director or the Secretary (dependent upon the officer with whom the appeal is pending) and then only upon a determination that such suspension will not be detrimental to the lessor or upon the submission and acceptance of a bond deemed adequate to indemnify the lessor from loss or damage.

(b) An appeal to the Director may be taken from any order of the supervisor by filing such appeal with the latter officer within 20 days after service of the order. The appeal shall incorporate or be accompanied by such written showing and argument on the facts and law as the appellant may deem adequate to justify reversal or modification of the order. All statements of fact must be made under oath.

(c) The supervisor shall transmit the appeal and accompanying papers to the Director with a full report and recommendations in the premises, and that official shall review the record and render such a decision in the case as he deems proper.

(d) An appeal from any decision of the Director may be taken to the Secretary within 30 days after service of the Director's decision. The appeal shall be accompanied by such written showing and argument on the facts and law as appellant may deem adequate to justify reversal or modification of the decision. Any statements of fact not submitted to the Director must be made under oath.

(e) Oral argument in any case pending before the supervisor, the Director, or the Secretary will be allowed on motion in the discretion of such officer and at a time to be fixed by him.

§ 250.82 Judicial review.

Nothing contained in this part shall be construed to prevent any interested party from seeking judicial review as authorized by law.

REPORTS TO BE MADE BY ALL LESSEES (INCLUDING OPERATORS)

§ 250.90 General requirements.

Information required to be submitted in accordance with the regulations in this part shall be furnished in the manner and form prescribed in the regulations in this part or as directed by the supervisor. Copies of forms can be obtained from the supervisor and must be filled out completely and filed punctually with that official.

§ 250.91 Sundry notices and reports on wells.

Form 9–150 covers all notices of intention and all subsequent reports pertaining to individual wells except those

for which special blanks are provided. The forms may be use for any of the purposes listed thereon, or a special heading may be inserted in the blank to adapt it for use for similar purposes. Any written notice of intention to do work which has not been approved and for which approval is required or to change plans previously approved must be filed in triplicate, unless otherwise directed, and must reach the supervisor and receive his approval before the work is begun. The lessee is responsible for receipt of the notice by the supervisor in ample time for proper consideration and action. The following paragraphs illustrate some of the uses to which Form 9–150 may be put and indicate the requirements with respect to each use.

(a) *Notice of intention to drill.* (1) The notice of intention to drill a well must be filed in triplicate on Form 9–150 with the supervisor and approval received before the work is begun. This notice, in addition to the requirements contained in § 250.34, must give the surface location and projected bottom-hole location in feet from the lease boundaries; elevation of the derrick floor; proposed depth to which the well will be drilled; the bottom-hole location; estimated depths to the top of important markers; estimated depths at which water, oil, gas, and mineral deposits are expected; the proposed casing program, including the size and weight of casing, the depth at which each string is to be set, and the amount of cement and mud to be used. Information also shall be furnished relative to the proposed plan for drilling other proposed wells from the same platform, coring at specified depths, and plans for electrical logging, together with any other information which may be required by the supervisor.

(2) Each copy of the application shall be accompanied by a plat drawn on a scale of not less than 2,000 feet to the inch, showing surface and subsurface location of the well to be drilled and all wells theretofore drilled.

(b) *Notice of intention to change the condition of a well.* Before repairing (other than work incidental to ordinary well operation), acidizing or stimulating production by other methods, deepening, perforating, plugging back, sidetracking, squeezing with mud or cement, or commencing any operations that will alter the condition of a completed well or productive horizon other than previously reported, a detailed written statement of the plan of work must be filed in triplicate with the supervisor on Form 9–150 and approval obtained before the work is started. This requirement shall not deter any operator from taking immediate action in an emergency to prevent damage.

(c) *Subsequent report of changing the condition of a well.* Within 30 days after the completion of any work described in paragraph (b) of this section, a detailed report of the work done and the results obtained shall be filed in duplicate with the supervisor. Such report shall show the amount of production of oil, gas, and water before and after the work was completed and shall also include a complete statement of the work accomplished and the methods employed, including all dates. Reports of work done by service companies, unless previously furnished the supervisor, shall be submitted with subsequent reports.

(d) *Notice of intention to abandon well.* Before beginning abandonment work on any well, whether a drilling well, a depleted producing well, or a dry hole, notice of intention to abandon shall be filed in triplicate with the supervisor, and approval obtained before the work is started. The notice, as to a producible well, must show the reason for abandonment and the amount and date of last production, and as to any well must give a detailed statement of the proposed work, including such information as kind, location, and length of plugs (by depths), and plans for mudding, cementing, shooting, testing, removing casing, and other pertinent information.

(e) *Subsequent report of abandonment.* After a well is abandoned or plugged, a subsequent record of work done must be filed with the supervisor. This report shall be filed separately within 30 days after the work is done. The report shall give a detailed account of the manner in which the abandonment or plugging work was carried out, including the nature and quantities of materials used in plugging and the location and extent (by depths) of the plugs of different materials; records of any tests or measurements made and of the amount, size, and location (by depths) of casing left in the well; and a detailed statement of the volume of mud fluid used and the pressure attained in mud-

ding. If an attempt was made to part any casing, a complete report of the methods used and results obtained must be included.

§ 250.92 Log and history of well.

The lessee shall furnish in duplicate, on Form 9–151, to the supervisor, not later than 30 days after the completion of each well, a complete and accurate log and history, in chronologic order, of all operations conducted on the well. If a log is compiled for geologic information from cores or formation samples, duplicate copies of such log shall be filed in addition to the regular log. Duplicate copies of all electric logs, temperature surveys, or direction surveys shall be furnished. The lessee shall require the drillers to record pertinent information obtained in drilling the well.

§ 250.93 Monthly report of operations.

A separate report of operations for each lease must be made on Form 9–152 for each calendar month, beginning with the month in which drilling operations are initiated, and must be filed in duplicate with the supervisor on or before the 20th day of the succeeding month, unless an extension of time for the filing of such report is granted by the supervisor. The report on this form shall disclose accurately all operations conducted on each well during each month, the status of operations on the last day of the month, and a general summary of the status of operations on the leased lands, and the report must be submitted each month until the lease is terminated or until omission of the report is authorized by the supervisor. It is particularly necessary that the report shall show for each calendar month:

(a) Each well listed separately by number and its location shown if possible.

(b) The number of days each well produced, whether oil or gas, and the number of days each input well was in operation.

(c) The quantity of oil, gas, and water produced; the total amount of gasoline and other lease products recovered; and other required information. When oil and gas, or oil, gas, and gasoline, or other hydrocarbons are concurrently produced from the same lease, separate reports on this form should be submitted for oil and gas and gasoline, unless otherwise authorized or directed by the supervisor.

(d) The depth of each active or suspended well; the name, character, and depth of each formation drilled during the month; the date each such depth was reached; the date and reason for every shutdown; the names and depths of important formation changes and contents of formations; the amount and size of any casing run since last report; the dates and results of any tests such as production, water shutoff, or gasoline content; and any other noteworthy information on operations not specifically provided for in the form.

(e) If no runs or sales were made during the calendar month, the report must so state.

§ 250.94 Statement of oil and gas runs and royalties.

When directed by the supervisor, a monthly report shall be made by the lessee in duplicate, on Form 9–153, showing each run of oil; all sales of gas, gasoline, and other lease products; and the royalty accruing therefrom to the lessor.

§ 250.95 Special forms or reports.

When special forms or reports other than those referred to in the regulations in this part may be necessary, instructions for the filing of such forms or reports will be given by the supervisor.

§ 250.96 Waiver on filing reports.

The supervisor may waive the requirement for the filing of reports, records, or notices required by §§ 250.90 through 250.95.

Mineral Leases Affected By Section 6 of Outer Continental Shelf Lands Act

§ 250.100 Effect of regulations on provisions of lease.

(a) As contemplated by section 6(b) of the act, the regulations in this part will supersede the provisions of any lease which is determined to meet the requirements of section 6(a) of the act, to the extent that they cover the same subject matter, with the following exceptions: The provisions of a lease with respect to the area covered by the lease, the minerals covered by the lease, the rentals payable under the lease, the royalties payable under the lease (subject to the provisions of sections 6 (a) (8) and 6 (a) (9) of the act), and the term of the lease (subject to the provisions of section 6 (a) (10) of the act and, as to sulphur, sub-

ject to the provisions of section 6(b)(2) of the act) shall continue in effect and, in the event of any conflict or inconsistency, shall take precedence over the regulations in this part.

(b) A lease that meets the requirements of section 6 (a) of the act shall also be subject to the mineral leasing regulations applicable to the outer Continental Shelf,[1] as well as the regulations relating to geophysical and geological exploratory operations and to pipeline rights-of-way in the outer Continental Shelf, to the extent that those regulations are not contrary to or inconsistent with the provisions of the lease relating to the area covered, the minerals covered, the rentals payable, the royalties payable, and the terms of the lease.

NOTE: The record keeping or reporting requirements of this part have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

---

[1] See 43 CFR Part 3380

CODE OF FEDERAL REGULATIONS

TITLE 43

PART 2230

SECTION 2234.5-3

SPECIAL USES

FOR PIPE LINES ON THE

OUTER CONTINENTAL SHELF

Part 2230 – Special Uses

* * * * *

§ 2234.5–3 For pipe lines on the Outer Continental Shelf (Act of August 7, 1953).

(a) *Purpose and authority.* (1) Section 5(c) of the Outer Continental Shelf Lands Act of August 7, 1953 (67 Stat. 464), authorizes the Secretary of the Interior to grant rights-of-way for pipeline purposes for the transportation of oil and gas. The purpose of the regulations in this part is to set forth the rules governing the granting and administration of such rights-of-way. The inclusion of this part in this title shall not be construed as an interpretation that the laws and regulations pertaining to public lands or to rights-of-way thereon are applicable to the submerged lands of the Outer Continental Shelf.

(2) Compliance with the regulations of this part does not obviate the necessity of compliance with requirements and regulations of the Department of the Army and the Coast Guard with respect to prevention of obstruction to navigation, lights, and warning devices, and other matters relating to safety of life and property, as authorized by section 4 of the act.

(b) *Definitions.* (1) "Secretary" means Secretary of the Interior.

(2) "Director" means Director, Bureau of Land Management.

(3) "Manager" means the officer in charge of the local office of the Bureau of Land Management.

(4) "Right-of-way" includes the site on which the pipe line and associated structures are situated which shall not exceed 200 feet in width for pipe lines and be limited to the area reasonably necessary for pumping stations or other accessory structures. It does not include gathering lines and associated structures constructed for the purpose of conveying production for gathering, storage, or treating of the production from a lease or leases. The construction of gathering lines may be approved by the Oil and Gas Supervisor in accordance with the provisions of 30 CFR 250.18 and 250.68.

(c) *Procedures*—(1) *Application*—(i) *Form and requirements.* No special form of application is required. The application should be filed in duplicate and should be in typewritten form or legible handwriting. It must specify that it is made pursuant to the act and these regulations and that applicant agrees that the right-of-way if approved will be subject to the terms and conditions of the regulations in this part. It should also state the primary purpose for which the right-of-way is to be used. The application must be filed in duplicate at the office of the Manager. If the right-of-way has been utilized prior to the time the application is made, the application must state the date such utilization commenced and by whom, and the date applicant obtained control of the improvements. A filing fee of $10 and the rental required herein under subparagraph (4)(v) of this paragraph, must accompany the application.

(ii) *Map showing survey.* Each copy of the application must be accompanied by a map , showing the center line of the right-of-way, properly identified so that the right-of-way may be accurately located by a competent engineer. The map should comply with the following requirements:

(*a*) The scale shall be at least 1:160,000.

(*b*) Courses and distances of the center line of the right-of-way shall be given either on the margin of the map or on an attached sheet or sheets with the courses referred to the true or grid meridian, either by deflection from a line of known bearing or by independent observation and calculated distances in feet and decimals.

(*c*) The total distance and width of the right-of-way shall be given, and the diameter of the pipe line specified.

(*d*) The initial and terminal points of the right-of-way shall be accurately located by latitude and longitude or by grid references.

(*e*) Each copy of the map shall bear upon its face a statement of the engineer who made the map that the right-of-way is accurately represented upon the map.

(2) *Persons qualified to acquire and hold rights-of-way.* (i) Applications may be filed by citizens of the United States, associations of such citizens, and by corporations organized under the laws of the United States or of any State or Territory thereof.

(ii) An individual and each member of an association applying for a right-of-way must state in the application whether he is a native-born or naturalized citizen of the United States.

(iii) (*a*) A private corporation must file a certified copy of its charter or articles of incorporation.

(*b*) A corporation other than a private one must file a copy of the law

under which it was organized and proof of its organization..

(c) A copy of the resolution or by-laws of the corporation authorizing the filing of the application or a certificate of the Secretary or an assistant Secretary of the corporation under the corporate seal certifying that the officer executing the application has authority to do so, must be filed. If the application is filed by an attorney-in-fact a certified copy of the resolution of the Board of Directors authorizing his appointment and an executed copy of the power of attorney must be filed.

(d) If the corporation has previously filed any or all of the papers required in (a), (b), and (c) of this subdivision, specific reference to such filing giving date, place, and case number will be accepted as full compliance with such requirements.

(3) *Consent of or notice to lessee or right-of-way holder of area crossed or invaded by right-of-way.* An applicant must show the extent to which the right-of-way applied for invades or crosses mineral leases or rights-of-way other than his own and must submit with his application either the written consent of each lessee or right-of-way holder whose lease or right-of-way is so affected or a statement that he has delivered to each lessee or right-of-way holder whose lease or right-of-way is so affected personally or by registered or certified mail a copy of the application and map. If the statement is filed no final action will be taken on the right-of-way application until 15 days have elapsed after the date of service of such papers, in order to afford the parties concerned ample opportunity to file protests against granting of the right-of-way.

(4) *Terms and conditions.* An applicant by accepting a right-of-way grant, agrees and consents to comply with and be bound by the following terms and conditions, accepting those which the Secretary may waive in a particular case:

(i) To comply with all existing regulations and with all existing and future regulations which the Secretary determines to be necessary and proper in order to provide for the prevention of waste and conservation of the natural resources of the outer Continental Shelf and the protection of correlative rights therein.

(ii) To pay the United States or its lessees or right-of-way holders, as the case may be, the full value for all damages to the property of the United States or its said lessees or right-of-way holders, and to indemnify the United States against any and all liability for damages to life, person, or property arising from the occupation and use of the area covered by the right-of-way.

(iii) To keep the Director informed at all times of his address, and, if a corporation, of the address of its principal place of business and the name and address of the officer or agent authorized to receive service of notice. That in the construction, operation, and maintenance of the project, he shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin and shall require an identical provision in all subcontracts.

(iv) That the allowance of the right-of-way shall be subject to the express condition that the rights granted will not prevent or interfere in any way with the management, administration of, or the granting either prior or subsequent to the right-of-way grant of other rights by the United States in the submerged lands affected thereby, and that he agrees and consents to the occupancy and use by the United States or its lessees or other right-of-way holders of any part of the right-of-way not actually occupied or necessarily incident to its use for any necessary operations involved in such management, administration or the enjoyment of such other granted rights.

(v) To pay for the first calendar year or fraction thereof, and thereafter annually in advance an annual rental of $5 for each mile or fraction thereof traversed by the right-of-way and $50 for each area applied for as the site for a pumping station or other accessory to the right-of-way. Payments required herein may be annual, for a 5-year period or for multiples of such period.

(vi) That upon revocation or termination of the right-of-way, unless the requirement is waived in writing by the Manager, he shall, so far as reasonably possible, restore the area of the right-of-way to its original condition.

(d) *Approval of right-of-way.* If the application and other required information are found to be in compliance with

the law and regulations and the consents required by paragraph (c) (3) of this section have been obtained or any protests filed as therein provided have been rejected, the right-of-way will be granted. If the right-of-way as applied for would cross any area withdrawn from disposal or restricted from exploration and operation it will be rejected unless the Federal agency in charge of withdrawn or restricted area shall give its consent to the granting of the right-of-way, but in such case the applicant upon request filed within 30 days after receipt of the rejection notice will be allowed an opportunity to file an amended application rerouting the proposed right-of-way so as to eliminate the conflict.

(e) *Term of grant.* Any right-of-way granted hereunder shall be for so long as the pipe line is maintained and used for the purpose for which the grant was made, unless otherwise expressly stated in the grant. Cessation of use temporarily shall not terminate the grant, but if the purpose of the grant ceases to exist or use of the pipe line is permanently discontinued for any reason the grant shall be subject to forfeiture.

(f) *Construction*—(1) *Proof of construction.* Failure to construct the pipe line within 5 years from the date of the grant shall be deemed to be an abandonment of the grant which will be forfeited by an appropriate proceeding. Proof of construction shall be submitted to the Manager. Such proof shall consist of a statement by the holder of the right-of-way that the pipe line has been laid and is in operation. If there is any deviation from the right-of-way as shown on the original map, the unused portion of the grant must be relinquished and maps in duplicate of the location of the right-of-way as constructed, prepared in accordance with paragraph (c) (1) of this section must be furnished as soon as possible after the deviation is determined to be necessary or advisable. Any deviation made prior to approval of such supplemental plat will be at the risk of the right-of-way holder.

(2) *Advance permission to commence construction.* Upon a satisfactory showing of the need therefor, the Director may grant permission to commence construction of a pipe line in advance of any grant of the right-of-way but such permission is not a commitment that the right-of-way will be approved and all work done thereunder prior to the granting of the right-of-way will be at the applicant's risk. No advance permission will be granted for an area or areas not subject to a right-of-way grant.

(g) *Assignment of right-of-way.* Assignment may be made of a right-of-way in whole or as to any lineal segment thereof after construction subject to the approval of the Manager. Any such assignment must be filed in duplicate accompanied by an application for approval in which the assignee must make the showing required by paragraph (c) (2) of this section and agree to the terms and conditions prescribed in paragraph (c) (4) of this section. No assignment shall be effective to transfer any rights until it is approved. A fee of $10 must accompany the application for the approval of an assignment.

(h) *Penalty for failure to comply.* As provided in the act, failure to comply with the act, regulations or any conditions prescribed by the Secretary as to the application therefor and the survey, location and width thereof and upon the express condition that such oil or gas pipe lines shall transport or purchase without discrimination, oil or natural gas produced from said submerged lands in the vicinity of the pipe line in such proportionate amounts as the Federal Power Commission, in the case of gas, and the Interstate Commerce Commission, in the case of oil, may, after a full hearing with due notice thereof to the interested parties, determine to be reasonable, taking into account, among other things conservation and the prevention of waste, be grounds for forfeiture of the grant in an appropriate, judicial proceeding instituted by the United States in any United States District Court having jurisdiction under the provisions of section 4(b) of the act. Upon relinquishment of any right-of-way or forfeiture of the grant, the right-of-way owner will be required to remove his improvements within one year from the effective date of such relinquishment or forfeiture unless otherwise provided by law or in the decree of forfeiture.

(Sec. 5, 67 Stat. 464; 43 U.S.C. 1334)

58-160 O 71 - pt. 1 --16

CODE OF FEDERAL REGULATIONS

TITLE 43

PART 3380

OUTER CONTINENTAL SHELF

MINERAL DEPOSITS

PART 3380—OUTER CONTINENTAL SHELF MINERAL DEPOSITS

Subpart 3380—Outer Continental Shelf Mineral Deposits; General

Sec.
3380.0–3 Authority.
3380.1 Persons qualified to hold leases.
3380.2 Leasing Maps.
3380.3 Helium.
3380.4 Payments of filing charges, bonuses, rentals and royalties.

Subpart 3381—Cooperative Conservation Provisions

3381.1 Unit plans, pooling, and drilling agreements.
3381.2 Application for approval of unit plan.
3381.3 Pooling or drilling agreements.
3381.4 Subsurface storage of oil or gas.
3381.5 Directional drilling.

Subpart 3382—Issuance of Leases

3382.1 Kind and term.
3382.2 Extension of leases by drilling or well reworking operations.
3382.3 Notice of lease offer.
3382.4 What must accompany bids.
3382.5 Award of lease.
3382.6 Form.
3382.7 Dating of leases.

Subpart 3383—Rentals and Royalties

3383.1 Rentals.
3383.2 Royalties.
3383.3 Minimum royalty.
3383.4 Compensatory payments, extension of lease.
3383.5 Suspension of operations and production; royalty and rental relief.

Subpart 3384—Bonds

3384.1 Amount of bond required of lessee.
3384.2 Form of Bond.

Subpart 3385—Assignments or Transfers

3385.1 Assignment of leases or interests therein.
3385.2 Requirements for filing of transfers.
3385.3 Separate assignments required for transfer of record title to leases.
3385.4 Effect of assignment of particular tract.

Subpart 3386—Termination of Leases

3386.1 Relinquishment of leases or parts of leases.
3386.2 Cancellation of leases.

Subpart 3387—Mineral Deposits Affected by Section 6 of Outer Continental Shelf Lands Act

3387.1 Effect of regulations on provisions of lease.
3387.2 Leases of other minerals.
3387.3 Obligations of lessee.
3387.3–1 Bonds.
3387.3–2 Wells.
3387.3–3 Inspection.
3387.3–4 Diligence; compliance with regulations and orders.
3387.3–5 Freedom of purchase.
3387.3–6 Removal of property on termination of lease.
3387.4 Exploration and operations.
3387.4–1 Purchase of production.
3387.4–2 Suspension of operations during war or national emergency.
3387.4–3 Restriction of exploration and operations.
3387.4–4 Geological and geophysical exploration; rights-of-way.
3387.4–5 Leases of sulphur and other mineral.
3387.5 Remedies in case of default.
3387.6 Heirs and successors in interest.

AUTHORITY: The provisions of this Part 3380 issued under sec. 15, 67 Stat. 464; 43 U.S.C. 1334. Interpret or apply secs. 6, 8, 67 Stat. 465, 468; 43 U.S.C. 1335, 1337.

Subpart 3380—Outer Continental Shelf Mineral Deposits; General

§ 3380.0–3 Authority.

The Outer Continental Shelf Lands Act of August 7, 1953 (67 Stat. 462), referred to in this part as "the act", among other things, authorizes the Secretary of the Interior to issue on a competitive basis leases for oil and gas, sulphur, and other minerals in submerged lands of the outer Continental Shelf, as defined in section 2 of the act. The inclusion of this part in this title shall not be construed as an interpretation that the laws and regulations pertaining to public lands are applicable to the submerged lands of the outer Continental Shelf.

§ 3380.1 Persons qualified to hold leases.

Mineral leases issued pursuant to section 8 of the act may be held only by citizens of the United States over 21 years of age, associations of such citizens, States, political subdivisions of a State, or private, public, or municipal corporations organized under the laws of the United States or of any State or Territory thereof.

§ 3380.2 Leasing maps.

(a) Any area of the outer Continental Shelf which has been appropriately platted as provided in paragraph (b) of this section is subject to lease for any mineral not included in

a subsisting lease issued under the act or meeting the requirements of subsection (a) of section 6 of the act, unless before any lease is offered or issued the unit is (1) withdrawn from disposition pursuant to section 12(a) of the act, or (2) designated as an area or part of an area restricted from operation under section 12(d) of the act.

(b) As the need arises, the Bureau of Land Management will prepare official leasing maps of areas of the outer Continental Shelf, which will be made to conform so far as practicable to the method of tract designation established by the adjoining State. The area included in each mineral lease shall be described in accordance with the official leasing map.

(c) Each oil and gas lease issued pursuant to section 8 of the act shall cover a compact area, which shall not exceed 5,760 acres.

§ 3380.3 Helium.

Each lease issued or continued under the act shall be subject to a reservation by the United States of the ownership of and the right to extract helium from all gas produced from the leased area, subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. In case the United States elects to take the helium, the lessee shall deliver all gas containing helium, or the portion of gas desired, to the United States at any point on the leased area in the manner required by the United States, for the extraction of helium in such plant or reduction works for that purpose as the United States may provide, whereupon the residue shall be returned to the lessee with no substantial delay in the delivery of gas produced from the well to the purchaser thereof. The lessee shall not suffer a diminution of value of the gas from which the helium has been extracted, or loss otherwise, for which he is not reasonably compensated, save for the value of the helium extracted. The United States shall have the right to erect, maintain, and operate on the leased area any and all reduction works and other equipment necessary for the extraction of helium.

§ 3380.4 Payments of filing charges, bonuses, rentals and royalties.

All payments to the United States required by the act or the regulations in this part shall be made to the oil and gas supervisor of the Geological Survey for the region in which the leased area is situated, except that payments of filing charges, bonuses and first year's rental shall be made to the manager of the appropriate field office, Bureau of Land Management, unless otherwise directed by the Secretary. All payments should be made by check, bank draft, or money order payable to the United States Geological Survey, if the payments are made to the Geological Survey, or to the Bureau of Land Management, if the payments are made to that Bureau.

Subpart 3381—Cooperative Conservation Provisions

§ 3381.1 Unit plans, pooling, and drilling agreements.

Section 5(a)(1) of the act authorizes the Secretary in the interest of conservation to provide for unitization, pooling and drilling agreements. Such agreements may be initiated by lessees or where in the interest of conservation they are deemed necessary they may be required by the Secretary.

§ 3381.2 Application for approval of unit plan.

The procedure for obtaining the approval of a unit plan of development is contained in 30 CFR Part 226. "Unit or Cooperative Agreements". All applications to unitize and all documents incident thereto shall be filed in the office of the oil and gas supervisor, Geological Survey, for the region in which the unit areas is situated.

§ 3381.3 Pooling or drilling agreements.

(a) With the approval of the Secretary, pooling or drilling agreements may be made between lessees for the purposes of (1) utilizing a common drilling platform to develop adjacent or adjoining leases; (2) permitting operators or pipeline companies to enter into contracts involving a number of leases sufficient to justify operations on a large scale for the discovery, development, production or transporation of oil and gas, sulphur, or other minerals and to finance the same; or (3) for other purposes in the interest of conservation.

(b) A contract submitted for approval under these provisions should be filed

with the oil and gas supervisor, together with enough copies to permit retention of 5 copies by the Department after approval. Complete details must be furnished in order that the Secretary may have facts upon which to make a definite determination and prescribe the conditions on which the contract is approved.

§ 3381.4 Subsurface storage of oil or gas.

(a) In order to avoid waste or to promote conservation of natural resources, and when it can be shown that no undue interference with operations under existing leases will result, the Secretary, upon application by the interested parties, may authorize the subsurface storage of oil or gas in the lands of the outer Continental Shelf, whether or not produced from the outer Continental Shelf. Such authorization will provide for the payment of such storage fee or rental on the stored oil or gas as may be determined adequate in each case, or, in lieu thereof, for a royalty other than that prescribed in any lease of the area involved when such stored oil or gas is produced in conjunction with oil or gas not previously produced. Any lease of an area used for the storage of oil or gas shall not be deemed to expire during the period of such storage and so long thereafter as oil or gas not previously produced is produced in paying quantities, or drilling or well reworking operations as approved by the Secretary are conducted thereon.

(b) Applications for subsurface storage shall be filed in triplicate with the oil and gas supervisor and shall disclose the ownership of the lands or interests in the lands involved, the parties in interest, including lessees of other mineral interests, the storage fee, rental, or royalty offered to be paid for such storage and all essential information showing the necessity for such storage. Enough copies of the final agreement signed by the parties in interest shall be submitted for the approval of the Secretary to permit retention of 5 copies by the Department after approval.

§ 3381.5 Directional drilling.

A lease may be maintained in force by directional wells drilled under the leased area from surface locations on adjacent or adjoining land not covered by the lease. In such circumstances, drilling shall be considered to have commenced on the leased area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the leased area through any directional well surfaced on adjacent or adjoining land, and production, drilling, or reworking of any such directional well shall be considered production or drilling or reworking operations (as the case may be) on the leased area for all purposes of the lease.

Subpart 3382—Issuance of Leases

§ 3382.1 Kind and term.

In accordance with the provisions of section 8 of the act, all leases will be issued competitively upon the Department's motion or upon a request describing the area and expressing an interest in leasing a unit or units addressed to the Director, Bureau of Land Management, Washington 25, D.C., hereinafter referred to as the Director, with a copy to the oil and gas supervisor. From time to time the Director may issue calls for the submission of requests for oil and gas or other mineral lease offerings in specified areas. Leases will be awarded to the highest qualified bidder on the basis specified in the notice of lease offer. All oil and gas leases shall be for a term of 5 years and so long thereafter as oil or gas may be produced from the leased area in paying quantities or drilling or well reworking operations, as approved by the Secretary, are conducted thereon. All sulphur leases shall be for a term of 10 years and so long thereafter as sulphur may be produced from the leased area in paying quantities or drilling, well reworking, plant construction, or other operations for the production of sulphur, as approved by the Secretary, are conducted thereon. Other mineral leases shall be for such terms as may be prescribed by the Secretary at the time of offering the leases.

§ 3382.2 Extension of leases by drilling or well reworking operations.

(a) The Secretary shall be deemed to have approved, within the meaning of section 8(b)(2) of the Outer Continental Shelf Lands Act, drilling or well reworking operations, conducted on the leased area in the following instances:

(1) If, after discovery of oil or gas in paying quantities has been made on the leasehold, and within 90 days prior to

expiration of the five-year term or any extension thereof, or thereafter, the production thereof shall cease at any time, or from time to time, from any cause and production is restored or drilling or well reworking operations are commenced within 90 days thereafter, and such drilling or well reworking operations (whether on the same or different wells) are prosecuted diligently until production is restored in paying quantities.

(2) If, within 90 days prior to expiration of the five-year term or any extension thereof, or thereafter, at any time, or from time to time, lessee is engaged in drilling or well reworking operations on the leasehold and there is no well on the leasehold capable of producing in paying quantities and the lessee diligently prosecutes such operations (whether on the same or different wells) with no cessation of more than 90 days.

(b) The Secretary may approve such other operations for drilling or reworking upon application of lessee.

(c) Nothing in this section obviates the necessity of obtaining the Oil and Gas Supervisor's approval of a plan or notice of intention to drill or of complying with the other provisions of 30 CFR Part 250.

§ 3382.3 Notice of lease offer.

Notice of the offer of lands for lease will be given by publication at the expense of the United States in the FEDERAL REGISTER, as the official publication, and in such other publications as may be authorized and the first publication shall be at least 30 days prior to the date of sale. The notice will set the place, date, and hour at which the bids will be opened. All sealed bids in response to any such notice must be filed at the place, and prior to the time set for opening bids. The notice may contain special conditions which will become part of the lease to be issued.

§ 3382.4 What must accompany bids.

(a) A separate bid must be submitted for each lease unit described in the notice of lease offer. A bid may not be submitted for less than an entire unit. Each bidder must submit with his bid a certified or cashier's check or bank draft on a solvent bank, or a money order or cash, for one-fifth of the amount of the cash bonus. If the bidder is an individual, he must submit with his bid a statement of his citizenship. If the bidder is an association (including a partnership), the bid shall be accompanied also by a certified copy of the articles of association or appropriate reference to the record of the Bureau of Land Management in which such a copy has already been filed, with a statement as to any subsequent amendments. If the bidder is a corporation, the following additional information shall be submitted with the bid.

(1) A certified copy of the articles of incorporation and a copy either of the minutes of the meeting of the board of directors or of the by-laws indicating that the person signing the bid has authority to do so, or, in lieu of such a copy, a certificate by the secretary or the assistant secretary of the corporation to that effect, over the corporate seal or appropriate reference to the record of the Bureau of Land Management in connection with which such articles and authority have been previously furnished.

(b) All bidders are warned against violation of the provisions of Title 18 U.S.C. section 1860, prohibiting unlawful combination or intimidation of bidders.

§ 3382.5 Award of lease.

Following the public opening of the sealed bids as provided for in the notice of lease offer, the authorized officer, subject to his right to reject any and all bids will award the lease to the successful bidder. In the event the highest bids are tie bids, tie bidders may file with the Director within 15 days after notification an agreement to accept the lease jointly, otherwise all bids will be rejected. If the authorized officer fails to accept the highest bid for a lease within 30 days after the date on which the bids are opened, all bids for such lease will be considered rejected. Notice of his action will be transmitted promptly to the several bidders. If the lease is awarded, three copies of the lease will be sent to the successful bidder and he will be required within 30 days from his receipt thereof to execute them, pay the first year's rental, the balance of the bonus bid, and file a bond as required in § 3384.1. Deposits on rejected bids will be returned. If the successful bidder fails to execute the lease or otherwise comply with the applicable regulations,

his deposit will be forfeited and disposed of as other receipts under the act. If before the lease is executed on behalf of the United States the land is withdrawn or restricted from leasing, all payments made by the bidder will be refunded. If the awarded lease is executed by an agent acting in behalf of the bidder, the lease must be accompanied by evidence that the bidder authorized the agent to execute the lease. When the three copies of the lease are executed by the successful bidder and returned to the authorized officer, the lease will be executed on behalf of the United States, and one fully executed copy will be mailed to the successful bidder.

§ 3382.6 Form.

Oil and gas leases and leases for sulphur will be issued on forms approved by the Director. Other mineral leases will be issued on such forms as may be prescribed by the Secretary.

§ 3382.7 Dating of leases.

All leases issued under the regulations in this part will be dated and become effective as of the first day of the month following the date the leases are signed on behalf of the lessor, except that, when prior written request is made, a lease may be dated and become effective as of the first day of the month within which it is so signed.

Subpart 3383—Rentals and Royalties

§ 3383.1 Rentals.

An annual rental shall be due and payable in advance on the first day of each lease year prior to discovery at the rate specified in the lease. The owner of any lease created by the assignment of a portion of a producing lease and on which assigned portion there is no discovery shall be required to pay an annual rental for such assigned portion at the rate per acre specified in the lease payable each lease year following the year in which the assignment became effective and prior to a discovery on such segregated portion.

§ 3383.2 Royalties.

Royalties shall be at the rate specified in the lease but in no event shall the royalty on oil and gas be less than 12½ percent of the amount or value of the production saved, removed or sold from the lease, nor on sulphur less than 5 percent of the gross production of value of the sulphur at the wellhead.

§ 3383.3 Minimum royalty.

Each lessee shall pay the minimum royalty specified in the lease at the end of each lease year beginning with the first lease year following a discovery on the lease.

§ 3383.4 Compensatory payments, extension of lease.

In the event that an oil and gas lessee makes compensatory payments as provided in 30 CFR 250.33 and in the event that the lease is not being maintained in force by other production of oil or gas in paying quantities or by other approved drilling or reworking operations, such payments shall be considered as the equivalent of production in paying quantities for all purposes of the lease.

§ 3383.5 Suspension of operations and production; royalty and rental relief.

(a) In addition to the provisions of section 12 (c) and (d) of the act, in the event that the Director of the Geological Survey in the interest of conservation directs the suspension of both operations and production with respect to any lease no payment of rental or royalty will be required during the period of suspension; and the term of the lease will be extended by a period equivalent to the period of suspension. In the event that the Director of the Geological Survey assents, at the request of a lessee, to a suspension of both operations and production under a lease or directs or assents to a suspension of operations only or production only, the term of the lease will not be deemed to expire so long as the suspension remains in effect but the lessee will not be relieved of his obligation to pay rental, minimum royalty, or royalty, as the case may be, during the term of suspension. In the event a leased area contains only a well or wells capable of producing gas in paying quantities but which gas cannot be produced because of the lack of transportation facilities, the Director of the Geological Survey shall, upon application, grant producing relief subject to the conditions of this paragraph for a maximum period not to exceed five years commencing with the lease year beginning

on or after the date of discovery, or the effective date of the regulations in this part, whichever is later. Any further suspension will be granted only pursuant to the other provisions of this paragraph. As to leases maintained under section 6 of the act which cover minerals in addition to oil and gas, suspensions may be made separately as to oil and gas or as to any other mineral designated in the suspension, order, or grant.

(b) In order to increase the ultimate recovery of minerals and in the interest of conservation, the Director of the Geological Survey, whenever he determines it necessary to promote development or finds that a lease cannot be successfully operated under the terms provided therein, may reduce the rental, minimum royalty, or royalty on the entire leasehold, or on any deposit, tract, or portion thereof segregated for royalty purposes. An application for any of the above relief shall be filed in triplicate with the Director of the Geological Survey. It must contain the serial number of the lease; the name of the record title holder; a description of the area included in the lease; the number, location, and status of each well that has been drilled; a tabulated statement for each month, covering a period of not less than six months prior to the date of filing the application, of the aggregate amount of minerals subject to royalty computed in accordance with the lease and applicable regulations. Every application must also contain a detailed statement of expenses and costs of operating the entire lease and of the income from the sale of any leased products, and all facts tending to show whether the wells or workings can be successfully operated upon the rental or royalty fixed in the lease. Where the application is for a reduction of royalty, full information shall be furnished as to whether royalties or payments out of production are paid to others than the United States, the amounts so paid, and efforts made to reduce them. The applicant must also file agreements of the holders of the lease and of royalty holders to a permanent reduction of all other royalties from the leasehold to an aggregate not in excess of one-half the Government royalties.

Subpart 3384—Bonds

§ 3384.1 Amount of bond required of lessee.

The successful bidder prior to the issuance of an oil and gas or sulphur lease must furnish a corporate surety bond in the sum of $15,000 conditioned on compliance with all of the terms of the lease, unless he already maintains or furnishes a bond in the sum of $100,000 conditioned on compliance with the terms of oil and gas and sulphur leases held by him on the Outer Continental Shelf in the (a) Gulf of Mexico, (b) along the Pacific Coast, or (c) along the Atlantic Coast, as may be appropriate. An operator's bond in the same amount may be substituted at any time for the lessee's bond. The United States reserves the right to require additional security in the form of a supplemental bond or bonds or to increase the coverage of an existing bond if, after operations or production have begun, such additional security is deemed necessary. The amount of bond coverage on leases for other minerals will be determined at the time of the offer to lease and will be stated in the notice of lease offer. Where upon a default, the surety on an Outer Continental Shelf Mineral Lease Bond makes payment to the Government of any indebtedness under a lease secured thereby, the face amount of such bond and the surety's liability thereunder shall be reduced by the amount of such payment. Thereafter, upon penalty of cancellation of all of the leases covered by such bond, the principal shall post a new bond, on a form approved by the Director, in the amount of $100,000 within 6 months after notice, or within such shorter period as the authorized officer of the Bureau of Land Management may fix. However, in lieu thereof, the principal may within that time file separate bonds for each lease. The provisions hereof may be made applicable to any bond in force at the time of the approval of the amendment of this section by filing in the local office of the Bureau of Land Management in New Orleans, Louisiana, a written consent to that effect and an agreement to be bound by the provisions hereof executed by the principal and surety. Upon receipt thereof the bond will be deemed to be subject to the provisions of this section.

§ 3384.2 Form of bond.

Bonds furnished by lessee or operator for a single lease will be on forms approved by the Director. The $100,000 bond will be on a form approved by the Director.

Subpart 3385—Assignments or Transfers

§ 3385.1 Assignment of leases or interests therein.

Leases, or any undivided interest therein, may be assigned in whole or as to any officially designated subdivision subject to the approval of the authorized officer, to any one qualified under § 3380.1 to take and hold a lease. Any assignment made under this section shall, upon approval, be deemed to be effective on and after the first day of the lease month following its filing in the Bureau of Land Management, Washington 25, D.C., unless at the request of the parties an earlier date is specified in the Director's approval. The assignor shall be liable for all obligations under the lease accruing prior to the approval of the assignment.

§ 3385.2 Requirements for filing of transfers.

(a) (1) All instruments of transfer of a lease or of an interest therein, including operating agreements, subleases, and assignments of record interests, must be filed in triplicate for approval within 90 days from the date of final execution with a statement over the transferee's own signature with respect to citizenship and qualifications similar to that required of a lessee and must contain all of the terms and conditions agreed upon by the parties thereto. Carried working interests, overriding royalty interests, or payments out of production, may be created or transferred without requirement for filing or approval.

(2) An application for approval of any instrument required to be filed must be accompanied by a fee of $10, and an application not accompanied by payment of such a fee will not be accepted for filing. Such fee will not be returned even though the application later be withdrawn or rejected in whole or in part.

(b) Where an attorney in fact, in behalf of the holder of a lease, operating agreement or sublease signs an assignment of the agreement, lease, or interest, or signs the application for approval, there must be furnished evidence of the authority of the attorney in fact to execute the assignment or application and the statement required by § 3382.4.

(c) Where an assignment creates a segregated lease a bond must be furnished in the amount prescribed in § 3384.1. Where an assignment does not create separate leases the assignee, if the assignment so provides and the surety consents, may become a joint principal on the bond with the assignor.

(d) In order for the heirs or devisees of a deceased holder of a lease, or any interest therein, to be recognized by the Department as the lawful successor to such lease or interest, evidence of their status as such heirs or devisees must be furnished in the form of a certified copy of an appropriate order or decree of the court having jurisdiction of the distribution of the estate or, if no court action is necessary, the statements of two disinterested parties having knowledge of the facts or a certified copy of the will, and, in all cases, the statements of the heirs or devisees that they are the persons named as successors to the estate with evidence of their qualifications as provided in § 3382.4. In the event such heirs or devisees are unable to qualify to hold the lease or interest they will nevertheless be recognized as the lawful successors of the deceased for a period of not to exceed 2 years from the date of death of their predecessor in interest.

§ 3385.3 Separate assignments required for transfer of record title to leases.

A separate instrument of assignment must be filed for each lease when transfers involve record titles. When transfers to the same person, association, or corporation, involving more than one lease are filed at the same time for approval, one request for approval and one showing as to the qualifications of the assignee will be sufficient.

§ 3385.4 Effect of assignment of particular tract.

(a) When an assignment is made of all of the record title to a portion of the acreage in a lease, the assigned and retained portions become segregated into

separate and distinct leases. The assignee becomes a lessee of the Government as to the segregated tract and is bound by the terms of the lease as though he had obtained the lease from the United States in his own name, and the assignment after its approval will be the basis of a new record. Royalty, minimum royalty, and rental provisions of the original lease shall apply separately to each segregated portion.

(b) In the case of an assignment of a portion of an oil and gas lease the segregated leases shall continue in full force and effect for the primary term of the original lease and so long thereafter as oil or gas may be produced from the original leased area in paying quantities or drilling or well reworking operations as approved by the Secretary are conducted thereon.

Subpart 3386—Termination of Leases

§ 3386.1 Relinquishment of leases or parts of leases.

A lease or any officially designated subdivision thereof may be surrendered by the record title holder by filing a written relinquishment, in triplicate, with the Director's office. A relinquishment shall take effect on the date it is filed subject to the continued obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to abandon all wells on the land to be relinquished to the satisfaction of the oil and gas supervisor.

§ 3386.2 Cancellation of leases.

Any nonproducing lease issued under the act may be canceled by the authorized officer whenever the lessee fails to comply with any provision of the act or lease or applicable regulations in force and effect on the date of the issuance of the lease, if such failure to comply continues for 30 days after mailing of notice by registered letter to the lease owner at his record post office address. Any such cancellation is subject to judicial review as provided in section 8(j) of the act upon the complaint of any person. Producing leases issued under the act may be canceled for such failure only by judicial proceedings in the manner prescribed in section 5(b) (2) of the act. Any lease issued under the act, whether producing or not, will be canceled by the authorized officer upon proof that it was obtained by fraud or misrepresentation, and after notice and opportunity to be heard has been afforded to the lessee.

Subpart 3387—Mineral Deposits Affected by Section 6 of Outer Continental Shelf Lands Act

§ 3387.1 Effect of regulations on provisions of lease.

(a) As contemplated by section 6(b) of the act, the preceding regulations in this part so far as they are applicable and the following regulations will supersede the provisions of any lease which is determined to meet the requirements of section 6(a) of the act, to the extent that they cover the same subject matter, with the following exceptions: The provisions of a lease with respect to the area covered by the lease, the minerals covered by the lease, the rentals payable under the lease, the royalties payable under the lease (subject to the provisions of sections 6(a)(8) and 6(a)(9) of the act), and the term of the lease (subject to the provisions of section 6(a)(10) of the act and, as to sulphur, subject to the provisions of section 6(b)(2) of the act) shall continue in effect and, in the event of any conflict or inconsistency, shall take precedence over those regulations.

(b) A lease that meets the requirements of section 6(a) of the act shall also be subject to all operating and conservation regulations applicable to the outer Continental Shelf, as well as the regulations relating to geophysical and geological exploratory operations and to pipeline rights-of-way in the outer Continental Shelf, to the extent that those regulations are not contrary to or inconsistent with the provisions of the lease relating to the area covered, the minerals covered, the rentals payable, the royalties payable, and the term of the lease. Nothing herein should be construed to waive compliance with any provision of any State lease the subject matter of which is not covered in the regulations in this part.

§ 3387.2 Leases of other minerals.

The existence of a lease that meets the requirements of section 6(a) of the act will not preclude the issuance of other leases of the same area for deposits of other minerals: *Provided*, That no lease of minerals other than those covered by the lease shall authorize or permit the

lessee thereunder unreasonably to interfere with or endanger operations under the existing lease: *And provided further*, That no sulphur leases will be granted by the United States on any area while such area is included in a lease covering sulphur under section 6(b) of the act.

§ 3387.3 Obligations of lessee.

§ 3387.3–1 Bonds.

Within 30 days from the effective date of the regulations in this part or within such further period or periods as may be fixed from time to time by the authorized officer, the lessee under a lease meeting the requirements of section 6(a) of the act must furnish a bond as provided in § 3384.1.

§ 3387.3–2 Wells.

(a) After due notice in writing, the lessee shall drill and produce such wells as the Secretary may reasonably require in order that the leased area or any part thereof may be properly and timely developed and produced in accordance with good operating practice.

(b) At the election of the lessee, the lessee may drill and produce other wells in conformity with any system of well spacing or production allotments affecting the area, field, or pool in which the leased area or any part thereof is situated, which is authorized or sanctioned by applicable law or by the Secretary.

(c) The lessee shall drill and produce such wells as are necessary to protect the lessor from loss by reason of production on other properties, or in lieu thereof, with the consent of the oil and gas supervisor, to pay a sum determined by the supervisor as adequate to compensate the lessor for failure to drill and produce any such well. In the event that this lease is not being maintained in force by other production of oil or gas in paying quantities or by other approved drilling or reworking operations, such payments shall be considered as the equivalent of production in paying quantities for all purposes of this lease.

§ 3387.3–3 Inspection.

The lessee shall keep open at all reasonable times for the inspection of any duly authorized officer of the Department of the Interior, the leased area and all wells, improvements, machinery and fixtures thereon and all books, accounts, maps and records relative to operations and surveys or investigations on or with regard to the leased area or under the lease.

§ 3387.3–4 Diligence; compliance with regulations and orders.

The lessee shall exercise reasonable diligence in drilling and producing the wells herein provided for; shall carry on all operations in accordance with approved methods and practices including those provided in the operating and conservation regulations for the outer Continental Shelf; shall remove all structures when no longer required for operations under the lease to sufficient depth beneath the surface of the waters to prevent them from being a hazard to navigation and the fishing industry; and shall carry out at expense of the lessee all lawful and reasonable orders of the lessor relative to the matters in this section. On failure of the lessee so to do the lessor shall have the right to enter on the property and to accomplish the purpose of such orders at the lessee's cost: *Provided*, That the lessee shall not be held responsible for delays or casualties occasioned by causes beyond the lessee's control.

§ 3387.3–5 Freedom of purchase.

The lessee shall accord all workmen and employees directly engaged in any of the operations under the lease complete freedom of purchase.

§ 3387.3–6 Removal of property on termination of lease.

Upon the expiration of any lease, or the earlier termination thereof as provided in the regulations in this part, the lessee shall within a period of one year thereafter remove from the premises all structures, machinery, equipment, tools, and materials other than improvements needed for producing wells or for drilling or producing other leases, and other property permitted by the lessor to be maintained.

§ 3387.4 Exploration and operations.

§ 3387.4–1 Purchase of production.

In time of war, or when the President of the United States shall so prescribe, the United States shall have the right of first refusal to purchase at the market price all or any portion of the oil or gas produced from the leased area, as provided in section 12(b) of the act.

§ 3387.4–2 Suspension of operations during war or national emergency.

Upon recommendation of the Secretary of Defense, during a state of war or national emergency declared by the Congress or the President of the United States after August 7, 1953, the Secretary is authorized to suspend any or all operations under a lease, as provided in section 12(c) of the act: *Provided*, That just compensation shall be paid by the United States to the lessee whose operations are thus suspended.

§ 3387.4–3 Restriction of exploration and operations.

The United States shall have the right, as provided in section 12(d) of the act, to restrict from exploration and operations the leased area or any part thereof which may be designated by and through the Secretary of Defense, with the approval of the President of the United States, as, or as part of, an area of the outer Continental Shelf needed for national defense. So long as such designation remains in effect no exploration or operations may be conducted on the surface of the leased area or the part thereof included within the designation except with the concurrence of the Secretary of Defense. If operations or production under any lease within any such restricted area shall be suspended, any payments of rentals, minimum royalty, and royalty prescribed by such lease likewise shall be suspended during such period of suspension of operations and production, and the term of such lease shall be extended by adding thereto any such suspension period, and the United States shall be liable to the lessee for such compensation as is required to be paid under the Constitution of the United States.

§ 3387.4–4 Geological and geophysical exploration; rights-of-way.

The United States reserves the right to authorize the conduct of geological and geophysical exploration in the leased area which does not interfere with or endanger actual operations under the lease and the right to grant such easements or rights-of-way, upon, through, or in the leased area as may be necessary or appropriate to the working of other lands containing the deposits described in the act, and to the treatment and shipment of products thereof by or under authority of the Government, its lessees or permittees, and for other public purposes, subject to the provisions of section 5(c) of the act where they are applicable and to all lawful and reasonable regulations and conditions prescribed by the Secretary thereunder.

§ 3387.4–5 Leases of sulphur and other mineral.

The United States reserves the right to grant sulphur leases and leases of any mineral other than oil, gas, and sulphur within the leased area or any part thereof, subject to the provisions of sections 8(c), 8(d), and 8(e) of the act and all lawful and reasonable regulations prescribed by the Secretary thereunder: *Provided*, That no such sulphur lease or lease of other mineral shall authorize or permit the lessee thereunder unreasonably to interfere with or endanger operations under the lease which is continued under section 6 of the act.

§ 3387.5 Remedies in case of default.

(a) Whenever the lessee fails to comply with any of the provisions of the act or of the lease or of the lawful and reasonable regulations issued within 90 days after the authorized officer has determined that the lease meets the requirements of section 6(a) of the act, the lease shall be subject to cancellation as follows:

(1) If, at the time of such default, no well is producing, or is capable of producing, oil or gas in paying quantities from the leased area, whether such well be drilled from a surface location within the leased area or be directionally drilled from a surface location on adjacent or adjoining lands the lease may be cancelled by the Secretary (subject to the right of judicial review as provided in section 8(j) of the act) if such default continues for the period of 30 days after mailing of notice by registered letter to the lessee at the lessee's record post office address.

(2) If, at the time of such default, any well is producing, or is capable of producing, oil or gas in paying quantities from the leased area, whether such well be drilled from a surface location within the leased area or be directionally drilled from a surface location on adjacent or

adjoining lands, the lease may be cancelled by an appropriate proceeding in any United States district court having jurisdiction under the provisions of section 4(b) of the act if such default continues for the period of 30 days after mailing of notice by registered letter to the lessee at the lessee's record post office address.

(b) If any such default continues for the period of 30 days after mailing of notice by registered letter to the lessee at the lessee's record post office address, the lessor may then exercise any legal or equitable remedy which the lessor may have; however, the remedy of cancellation of the lease may be exercised only under the conditions and subject to the limitations set out in paragraph (a) of this section, or pursuant to section 8(i) of the act.

(c) A waiver of any particular default shall not prevent the cancellation of the lease or the exercise of any other remedy the lessor may have by reason of any other cause or for the same cause occurring at any other time.

§ 3387.6 Heirs and successors in interest.

Each obligation under any lease and under the regulations in this part shall extend to and be binding upon, and every benefit thereunder shall inure to, the heirs, executors, administrators, successors, or assigns of the lessee.

PUBLIC LAW 212

83 CONGRESS

1st. SESSION

OUTER CONTINENTAL SHELF LANDS ACT

(67 Stat. 462)

Public Law 212 - 83d Congress
Chapter 345 - 1st Session
H. R. 5134

AN ACT

All 67 Stat. 462.

To provide for the jurisdiction of the United States over the submerged lands of the outer Continental Shelf, and to authorize the Secretary of the Interior to lease such lands for certain purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Outer Continental Shelf Lands Act". Outer Continental Shelf Lands Act.

SEC. 2. DEFINITIONS.—When used in this Act—

(a) The term "outer Continental Shelf" means all submerged lands lying seaward and outside of the area of lands beneath navigable waters as defined in section 2 of the Submerged Lands Act (Public Law 31, Eighty-third Congress, first session), and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control; Ante, p. 29.

(b) The term "Secretary" means the Secretary of the Interior;

(c) The term "mineral lease" means any form of authorization for the exploration for, or development or removal of deposits of, oil, gas, or other minerals; and

(d) The term "person" includes, in addition to a natural person, an association, a State, a political subdivision of a State, or a private, public, or municipal corporation.

SEC. 3. JURISDICTION OVER OUTER CONTINENTAL SHELF.—(a) It is hereby declared to be the policy of the United States that the subsoil and seabed of the outer Continental Shelf appertain to the United States and are subject to its jurisdiction, control, and power of disposition as provided in this Act.

(b) This Act shall be construed in such manner that the character as high seas of the waters above the outer Continental Shelf and the right to navigation and fishing therein shall not be affected.

SEC. 4. LAWS APPLICABLE TO OUTER CONTINENTAL SHELF.—(a) (1) The Constitution and laws and civil and political jurisdiction of the United States are hereby extended to the subsoil and seabed of the outer Continental Shelf and to all artificial islands and fixed structures which may be erected thereon for the purpose of exploring for, developing, removing, and transporting resources therefrom, to the same extent as if the outer Continental Shelf were an area of exclusive Federal jurisdiction located within a State: *Provided, however*, That mineral leases on the outer Continental Shelf shall be maintained or issued only under the provisions of this Act.

(2) To the extent that they are applicable and not inconsistent with this Act or with other Federal laws and regulations of the Secretary now in effect or hereafter adopted, the civil and criminal laws of each adjacent State as of the effective date of this Act are hereby declared to be the law of the United States for that portion of the subsoil and seabed of the outer Continental Shelf, and artificial islands and fixed structures erected thereon, which would be within the area of the State if its boundaries were extended seaward to the outer margin of the outer Continental Shelf, and the President shall determine and publish in the Federal Register such projected lines extending seaward and defining each such area. All of such applicable laws shall be administered and enforced by the appropriate officers and courts of the United States. State taxation laws shall not apply to the outer Continental Shelf. State laws. Publication of projected State lines.

(3) The provisions of this section for adoption of State law as the law of the United States shall never be interpreted as a basis for claiming any interest in or jurisdiction on behalf of any State for any

All 67 Stat. 463.

purpose over the seabed and subsoil of the outer Continental Shelf, or the property and natural resources thereof or the revenues therefrom.

Jurisdiction of U. S. district courts.

(b) The United States district courts shall have original jurisdiction of cases and controversies arising out of or in connection with any operations conducted on the outer Continental Shelf for the purpose of exploring for, developing, removing or transporting by pipeline the natural resources, or involving rights to the natural resources of the subsoil and seabed of the outer Continental Shelf, and proceedings with respect to any such case or controversy may be instituted in the judicial district in which any defendant resides or may be found, or in the judicial district of the adjacent State nearest the place where the cause of action arose.

Worker's compensation.

(c) With respect to disability or death of an employee resulting from any injury occurring as the result of operations described in subsection (b), compensation shall be payable under the provisions of the Longshoremen's and Harbor Workers' Compensation Act. For the purposes of the extension of the provisions of the Longshoremen's and Harbor Workers' Compensation Act under this section—

44 Stat. 1424. 33 USC 901.

(1) the term "employee" does not include a master or member of a crew of any vessel, or an officer or employee of the United States or any agency thereof or of any State or foreign government, or of any political subdivision thereof;

(2) the term "employer" means an employer any of whose employees are employed in such operations; and

(3) the term "United States" when used in a geographical sense includes the outer Continental Shelf and artificial islands and fixed structures thereon.

61 Stat. 136. 29 USC 167.

(d) For the purposes of the National Labor Relations Act, as amended, any unfair labor practice, as defined in such Act, occurring upon any artificial island or fixed structure referred to in subsection (a) shall be deemed to have occurred within the judicial district of the adjacent State nearest the place of location of such island or structure.

Coast Guard regulations, etc.

(e) (1) The head of the Department in which the Coast Guard is operating shall have authority to promulgate and enforce such reasonable regulations with respect to lights and other warning devices, safety equipment, and other matters relating to the promotion of safety of life and property on the islands and structures referred to in subsection (a) or on the waters adjacent thereto, as he may deem necessary.

(2) The head of the Department in which the Coast Guard is operating may mark for the protection of navigation any such island or structure whenever the owner has failed suitably to mark the same in accordance with regulations issued hereunder, and the owner shall pay the cost thereof. Any person, firm, company, or corporation who shall fail or refuse to obey any of the lawful rules and regulations issued hereunder shall be guilty of a misdemeanor and shall be fined not more than $100 for each offense. Each day during which such violation shall continue shall be considered a new offense.

Penalty.

Artificial islands, etc.

(f) The authority of the Secretary of the Army to prevent obstruction to navigation in the navigable waters of the United States is hereby extended to artificial islands and fixed structures located on the outer Continental Shelf.

(g) The specific application by this section of certain provisions of law to the subsoil and seabed of the outer Continental Shelf and the artificial islands and fixed structures referred to in subsection (a) or to acts or offenses occurring or committed thereon shall not give rise to any inference that the application to such islands and structures, acts, or offenses of any other provision of law is not intended.

SEC. 5. ADMINISTRATION OF LEASING OF THE OUTER CONTINENTAL SHELF.—(a) (1) The Secretary shall administer the provisions of this Act relating to the leasing of the outer Continental Shelf, and shall prescribe such rules and regulations as may be necessary to carry out such provisions. The Secretary may at any time prescribe and amend such rules and regulations as he determines to be necessary and proper in order to provide for the prevention of waste and conservation of the natural resources of the outer Continental Shelf, and the protection of correlative rights therein, and, notwithstanding any other provisions herein, such rules and regulations shall apply to all operations conducted under a lease issued or maintained under the provisions of this Act. In the enforcement of conservation laws, rules, and regulations the Secretary is authorized to cooperate with the conservation agencies of the adjacent States. Without limiting the generality of the foregoing provisions of this section, the rules and regulations prescribed by the Secretary thereunder may provide for the assignment or relinquishment of leases, for the sale of royalty oil and gas accruing or reserved to the United States at not less than market value, and, in the interest of conservation, for unitization, pooling, drilling agreements, suspension of operations or production, reduction of rentals or royalties, compensatory royalty agreements, subsurface storage of oil or gas in any of said submerged lands, and drilling or other easements necessary for operations or production.

Prevention of waste.

Cooperation with State conservation agencies.

(2) Any person who knowingly and willfully violates any rule or regulation prescribed by the Secretary for the prevention of waste, the conservation of the natural resources, or the protection of correlative rights shall be deemed guilty of a misdemeanor and punishable by a fine of not more than $2,000 or by imprisonment for not more than six months, or by both such fine and imprisonment, and each day of violation shall be deemed to be a separate offense. The issuance and continuance in effect of any lease, or of any extension, renewal, or replacement of any lease under the provisions of this Act shall be conditioned upon compliance with the regulations issued under this Act and in force and effect on the date of the issuance of the lease if the lease is issued under the provisions of section 8 hereof, or with the regulations issued under the provisions of section 6 (b), clause (2), hereof if the lease is maintained under the provisions of section 6 hereof.

Penalty.

(b) (1) Whenever the owner of a nonproducing lease fails to comply with any of the provisions of this Act, or of the lease, or of the regulations issued under this Act and in force and effect on the date of the issuance of the lease if the lease is issued under the provisions of section 8 hereof, or of the regulations issued under the provisions of section 6 (b), clause (2), hereof, if the lease is maintained under the provisions of section 6 hereof, such lease may be canceled by the Secretary, subject to the right of judicial review as provided in section 8 (j), if such default continues for the period of thirty days after mailing of notice by registered letter to the lease owner at his record post office address.

Cancellation of lease.

(2) Whenever the owner of any producing lease fails to comply with any of the provisions of this Act, or of the lease, or of the regulations issued under this Act and in force and effect on the date of the issuance of the lease if the lease is issued under the provisions of section 8 hereof, or of the regulations issued under the provisions of section 6 (b), clause (2), hereof, if the lease is maintained under the provisions of section 6 hereof, such lease may be forfeited and canceled by an appropriate proceeding in any United States district court having jurisdiction under the provisions of section 4 (b) of this Act.

(c) Rights-of-way through the submerged lands of the outer Con-

Pipeline rights-of-way.

53-160 O - 71 - pt. 1 --17

tinental Shelf, whether or not such lands are included in a lease maintained or issued pursuant to this Act, may be granted by the Secretary for pipeline purposes for the transportation of oil, natural gas, sulphur, or other mineral under such regulations and upon such conditions as to the application therefor and the survey, location and width thereof as may be prescribed by the Secretary, and upon the express condition that such oil or gas pipelines shall transport or purchase without discrimination, oil or natural gas produced from said submerged lands in the vicinity of the pipeline in such proportionate amounts as the Federal Power Commission, in the case of gas, and the Interstate Commerce Commission, in the case of oil, may, after a full hearing with due notice thereof to the interested parties, determine to be reasonable, taking into account, among other things, conservation and the prevention of waste. Failure to comply with the provisions of this section or the regulations and conditions prescribed thereunder shall be ground for forfeiture of the grant in an appropriate judicial proceeding instituted by the United States in any United States district court having jurisdiction under the provisions of section 4 (b) of this Act.

Forfeiture of grant.

SEC. 6. MAINTENANCE OF LEASES ON OUTER CONTINENTAL SHELF.—(a) The provisions of this section shall apply to any mineral lease covering submerged lands of the outer Continental Shelf issued by any State (including any extension, renewal, or replacement thereof heretofore granted pursuant to such lease or under the laws of such State) if—

Filing of lease, etc.

(1) such lease, or a true copy thereof, is filed with the Secretary by the lessee or his duly authorized agent within ninety days from the effective date of this Act, or within such further period or periods as provided in section 7 hereof or as may be fixed from time to time by the Secretary;

(2) such lease was issued prior to December 21, 1948, and would have been on June 5, 1950, in force and effect in accordance with its terms and provisions and the law of the State issuing it had the State had authority to issue such lease;

(3) there is filed with the Secretary, within the period or periods specified in paragraph (1) of this subsection, (A) a certificate issued by the State official or agency having jurisdiction over such lease stating that it would have been in force and effect as required by the provisions of paragraph (2) of this subsection, or (B) in the absence of such certificate, evidence in the form of affidavits, receipts, canceled checks, or other documents that may be required by the Secretary, sufficient to prove that such lease would have been so in force and effect;

Sums payable.

(4) except as otherwise provided in section 7 hereof, all rents, royalties, and other sums payable under such lease between June 5, 1950, and the effective date of this Act, which have not been paid in accordance with the provisions thereof, or to the Secretary or to the Secretary of the Navy, are paid to the Secretary within the period or periods specified in paragraph (1) of this subsection, and all rents, royalties, and other sums payable under such lease after the effective date of this Act, are paid to the Secretary, who shall deposit such payments in the Treasury in accordance with section 9 of this Act;

(5) the holder of such lease certifies that such lease shall continue to be subject to the overriding royalty obligations existing on the effective date of this Act;

(6) such lease was not obtained by fraud or misrepresentation;

(7) such lease, if issued on or after June 23, 1947, was issued upon the basis of competitive bidding;

(8) such lease provides for a royalty to the lessor on oil and gas of not less than 12½ per centum and on sulphur of not less than 5 per centum in amount or value of the production saved, removed, or sold from the lease, or, in any case in which the lease provides for a lesser royalty, the holder thereof consents in writing, filed with the Secretary, to the increase of the royalty to the minimum herein specified; Royalty.

(9) the holder thereof pays to the Secretary within the period or periods specified in paragraph (1) of this subsection an amount equivalent to any severance, gross production, or occupation taxes imposed by the State issuing the lease on the production from the lease, less the State's royalty interest in such production, between June 5, 1950, and the effective date of this Act and not heretofore paid to the State, and thereafter pays to the Secretary as an additional royalty on the production from the lease, less the United States' royalty interest in such production, a sum of money equal to the amount of the severance, gross production, or occupation taxes which would have been payable on such production to the State issuing the lease under its laws as they existed on the effective date of this Act;

(10) such lease will terminate within a period of not more than five years from the effective date of this Act in the absence of production or operations for drilling, or, in any case in which the lease provides for a longer period, the holder thereof consents in writing, filed with the Secretary, to the reduction of such period so that it will not exceed the maximum period herein specified; and Termination of lease.

(11) the holder of such lease furnishes such surety bond, if any, as the Secretary may require and complies with such other reasonable requirements as the Secretary may deem necessary to protect the interests of the United States. Surety bond.

(b) Any person holding a mineral lease, which as determined by the Secretary meets the requirements of subsection (a) of this section, may continue to maintain such lease, and may conduct operations thereunder, in accordance with (1) its provisions as to the area, the minerals covered, rentals and, subject to the provisions of paragraphs (8), (9) and (10) of subsection (a) of this section, as to royalties and as to the term thereof and of any extensions, renewals, or replacements authorized therein or heretofore authorized by the laws of the State issuing such lease, or, if oil or gas was not being produced in paying quantities from such lease on or before December 11, 1950, or if production in paying quantities has ceased since June 5, 1950, or if the primary term of such lease has expired since December 11, 1950, then for a term from the effective date hereof equal to the term remaining unexpired on December 11, 1950, under the provisions of such lease or any extensions, renewals, or replacements authorized therein, or heretofore authorized by the laws of such State, and (2) such regulations as the Secretary may under section 5 of this Act prescribe within ninety days after making his determination that such lease meets the requirements of subsection (a) of this section: *Provided, however*, That any rights to sulphur under any lease maintained under the provisions of this subsection shall not extend beyond the primary term of such lease or any extension thereof under the provisions of such subsection (b) unless sulphur is being produced in paying quantities or drilling, well reworking, plant construction, or other operations for the production of sulphur, as approved by the Secretary, are being conducted on the area covered by such lease on the date of expiration of such primary term or extension: *Provided further*, That if sulphur is being produced in paying quantities on such date, then such rights Maintenance of lease. Sulphur.

shall continue to be maintained in accordance with such lease and the provisions of this Act: *Provided further*, That, if the primary term of a lease being maintained under subsection (b) hereof has expired prior to the effective date of this Act and oil or gas is being produced in paying quantities on such date, then such rights to sulphur as the lessee may have under such lease shall continue for twenty-four months from the effective date of this Act and as long thereafter as sulphur is produced in paying quantities, or drilling, well working, plant construction, or other operations for the production of sulphur, as approved by the Secretary, are being conducted on the area covered by the lease.

Nonwaiver of U. S. claims.

(c) The permission granted in subsection (b) of this section shall not be construed to be a waiver of such claims, if any, as the United States may have against the lessor or the lessee or any other person respecting sums payable or paid for or under the lease, or respecting activities conducted under the lease, prior to the effective date of this Act.

Court review of determination.

(d) Any person complaining of a negative determination by the Secretary of the Interior under this section may have such determination reviewed by the United States District Court for the District of Columbia by filing a petition for review within sixty days after receiving notice of such action by the Secretary.

Lands beneath navigable waters.

(e) In the event any lease maintained under this section covers lands beneath navigable waters, as that term is used in the Submerged Lands Act, as well as lands of the outer Continental Shelf, the provisions of this section shall apply to such lease only insofar as it covers lands of the outer Continental Shelf.

Agreements with State.

SEC. 7. CONTROVERSY OVER JURISDICTION.—In the event of a controversy between the United States and a State as to whether or not lands are subject to the provisions of this Act, the Secretary is authorized, notwithstanding the provisions of subsections (a) and (b) of section 6 of this Act, and with the concurrence of the Attorney General of the United States, to negotiate and enter into agreements with the State, its political subdivision or grantee or a lessee thereof, respecting operations under existing mineral leases and payment and impounding of rents, royalties, and other sums payable thereunder, or with the State, its political subdivision or grantee, respecting the issuance or nonissuance of new mineral leases pending the settlement or adjudication of the controversy. The authorization contained in the preceding sentence of this section shall not be construed to be a limitation upon the authority conferred on the Secretary in other sections of this Act. Payments made pursuant to such agreement, or pursuant to any stipulation between the United States and a State, shall be considered as compliance with section 6 (a) (4) hereof. Upon the termination of such agreement or stipulation by reason of the final settlement or adjudication of such controversy, if the lands subject to any mineral lease are determined to be in whole or in part lands subject to the provisions of this Act, the lessee, if he has not already done so, shall comply with the requirements of section 6 (a), and thereupon the provisions of section 6 (b) shall govern such lease. The notice concerning "Oil and Gas Operations in the Submerged Coastal Lands of the Gulf of Mexico" issued by the Secretary on December 11, 1950 (15 F. R. 8835), as amended by the notice dated January 26, 1951 (16 F. R. 953), and as supplemented by the notices dated February 2, 1951 (16 F. R. 1203), March 5, 1951 (16 F. R. 2195), April 23, 1951 (16 F. R. 3623), June 25, 1951 (16 F. R. 6404), August 22, 1951 (16 F. R. 8720), October 24, 1951 (16 F. R. 10998), December 21, 1951 (17 F. R. 43), March 25, 1952 (17 F. R. 2821), June 26, 1952 (17 F. R. 5833), and December 24, 1952 (18 F. R. 48), respectively, is hereby approved and confirmed.

SEC. 8. LEASING OF OUTER CONTINENTAL SHELF.—(a) In order to meet the urgent need for further exploration and development of the oil and gas deposits of the submerged lands of the outer Continental Shelf, the Secretary is authorized to grant to the highest responsible qualified bidder by competitive bidding under regulations promulgated in advance, oil and gas leases on submerged lands of the outer Continental Shelf which are not covered by leases meeting the requirements of subsection (a) of section 6 of this Act. The bidding shall be (1) by sealed bids, and (2) at the discretion of the Secretary, on the basis of a cash bonus with a royalty fixed by the Secretary at not less than 12½ per centum in amount or value of the production saved, removed or sold, or on the basis of royalty, but at not less than the per centum above mentioned, with a cash bonus fixed by the Secretary. Bids. Oil and gas leases.

(b) An oil and gas lease issued by the Secretary pursuant to this section shall (1) cover a compact area not exceeding five thousand seven hundred and sixty acres, as the Secretary may determine, (2) be for a period of five years and as long thereafter as oil or gas may be produced from the area in paying quantities, or drilling or well reworking operations as approved by the Secretary are conducted thereon, (3) require the payment of a royalty of not less than 12½ per centum, in the amount or value of the production saved, removed, or sold from the lease, and (4) contain such rental provisions and such other terms and provisions as the Secretary may prescribe at the time of offering the area for lease.

(c) In order to meet the urgent need for further exploration and development of the sulphur deposits in the submerged lands of the outer Continental Shelf, the Secretary is authorized to grant to the qualified persons offering the highest cash bonuses on a basis of competitive bidding sulphur leases on submerged lands of the outer Continental Shelf, which are not covered by leases which include sulphur and meet the requirements of subsection (a) of section 6 of this Act, and which sulphur leases shall be offered for bid by sealed bids and granted on separate leases from oil and gas leases, and for a separate consideration, and without priority or preference accorded to oil and gas lessees on the same area. Sulphur leases.

(d) A sulphur lease issued by the Secretary pursuant to this section shall (1) cover an area of such size and dimensions as the Secretary may determine, (2) be for a period of not more than ten years and so long thereafter as sulphur may be produced from the area in paying quantities or drilling, well reworking, plant construction, or other operations for the production of sulphur, as approved by the Secretary, are conducted thereon, (3) require the payment to the United States of such royalty as may be specified in the lease but not less than 5 per centum of the gross production or value of the sulphur at the wellhead, and (4) contain such rental provisions and such other terms and provisions as the Secretary may by regulation prescribe at the time of offering the area for lease.

(e) The Secretary is authorized to grant to the qualified persons offering the highest cash bonuses on a basis of competitive bidding leases of any mineral other than oil, gas, and sulphur in any area of the outer Continental Shelf not then under lease for such mineral upon such royalty, rental, and other terms and conditions as the Secretary may prescribe at the time of offering the area for lease. Other mineral leases.

(f) Notice of sale of leases, and the terms of bidding, authorized by this section shall be published at least thirty days before the date of sale in accordance with rules and regulations promulgated by the Secretary. Notices, publication.

(g) All moneys paid to the Secretary for or under leases granted pursuant to this section shall be deposited in the Treasury in accordance with section 9 of this Act. Deposits.

(h) The issuance of any lease by the Secretary pursuant to this Act, or the making of any interim arrangements by the Secretary pursuant to section 7 of this Act shall not prejudice the ultimate settlement or adjudication of the question as to whether or not the area involved is in the outer Continental Shelf.

Cancellation.

(i) The Secretary may cancel any lease obtained by fraud or misrepresentation.

(j) Any person complaining of a cancellation of a lease by the Secretary may have the Secretary's action reviewed in the United States District Court for the District of Columbia by filing a petition for review within sixty days after the Secretary takes such action.

SEC. 9. DISPOSITION OF REVENUES.—All rentals, royalties, and other sums paid to the Secretary or the Secretary of the Navy under any lease on the outer Continental Shelf for the period from June 5, 1950, to date, and thereafter shall be deposited in the Treasury of the United States and credited to miscellaneous receipts.

SEC. 10. REFUNDS.—(a) Subject to the provisions of subsection (b) hereof, when it appears to the satisfaction of the Secretary that any person has made a payment to the United States in connection with any lease under this Act in excess of the amount he was lawfully required to pay, such excess shall be repaid without interest to such person or his legal representative, if a request for repayment of such excess is filed with the Secretary within two years after the making of the payment, or within ninety days after the effective date of this Act. The Secretary shall certify the amounts of all such repayments to the Secretary of the Treasury, who is authorized and directed to make such repayments out of any moneys in the special account established under section 9 of this Act and to issue his warrant in settlement thereof.

Report to Congress.

(b) No refund of or credit for such excess payment shall be made until after the expiration of thirty days from the date upon which a report giving the name of the person to whom the refund or credit is to be made, the amount of such refund or credit, and a summary of the facts upon which the determination of the Secretary was made is submitted to the President of the Senate and the Speaker of the House of Representatives for transmittal to the appropriate legislative committee of each body, respectively: *Provided*, That if the Congress shall not be in session on the date of such submission or shall adjourn prior to the expiration of thirty days from the date of such submission, then such payment or credit shall not be made until thirty days after the opening day of the next succeeding session of Congress.

SEC. 11. GEOLOGICAL AND GEOPHYSICAL EXPLORATIONS.—Any agency of the United States and any person authorized by the Secretary may conduct geological and geophysical explorations in the outer Continental Shelf, which do not interfere with or endanger actual operations under any lease maintained or granted pursuant to this Act, and which are not unduly harmful to aquatic life in such area.

SEC. 12. RESERVATIONS.—(a) The President of the United States may, from time to time, withdraw from disposition any of the unleased lands of the outer Continental Shelf.

War.

(b) In time of war, or when the President shall so prescribe, the United States shall have the right of first refusal to purchase at the market price all or any portion of any mineral produced from the outer Continental Shelf.

(c) All leases issued under this Act, and leases, the maintenance and operation of which are authorized under this Act, shall contain or be

construed to contain a provision whereby authority is vested in the Secretary, upon a recommendation of the Secretary of Defense, during a state of war or national emergency declared by the Congress or the President of the United States after the effective date of this Act, to suspend operations under any lease; and all such leases shall contain or be construed to contain provisions for the payment of just compensation to the lessee whose operations are thus suspended.

National defense areas.

(d) The United States reserves and retains the right to designate by and through the Secretary of Defense, with the approval of the President, as areas restricted from exploration and operation that part of the outer Continental Shelf needed for national defense; and so long as such designation remains in effect no exploration or operations may be conducted on any part of the surface of such area except with the concurrence of the Secretary of Defense; and if operations or production under any lease theretofore issued on lands within any such restricted area shall be suspended, any payment of rentals, minimum royalty, and royalty prescribed by such lease likewise shall be suspended during such period of suspension of operation and production, and the term of such lease shall be extended by adding thereto any such suspension period, and the United States shall be liable to the lessee for such compensation as is required to be paid under the Constitution of the United States.

Uranium, thorium, etc.
60 Stat. 760.
42 USC 1805.

(e) All uranium, thorium, and all other materials determined pursuant to paragraph (1) of subsection (b) of section 5 of the Atomic Energy Act of 1946, as amended, to be peculiarly essential to the production of fissionable material, contained, in whatever concentration, in deposits in the subsoil or seabed of the outer Continental Shelf are hereby reserved for the use of the United States.

Helium.

(f) The United States reserves and retains the ownership of and the right to extract all helium, under such rules and regulations as shall be prescribed by the Secretary, contained in gas produced from any portion of the outer Continental Shelf which may be subject to any lease maintained or granted pursuant to this Act, but the helium shall be extracted from such gas so as to cause no substantial delay in the delivery of gas produced to the purchaser of such gas.

Sec. 13. Naval Petroleum Reserve Executive Order Repealed.—Executive Order Numbered 10426, dated January 16, 1953, entitled "Setting Aside Submerged Lands of the Continental Shelf as a Naval Petroleum Reserve", is hereby revoked.

18 F. R. 405.

Sec. 14. Prior Claims Not Affected.—Nothing herein contained shall affect such rights, if any, as may have been acquired under any law of the United States by any person in lands subject to this Act and such rights, if any, shall be governed by the law in effect at the time they may have been acquired: *Provided, however*, That nothing herein contained is intended or shall be construed as a finding, interpretation, or construction by the Congress that the law under which such rights may be claimed in fact applies to the lands subject to this Act or authorizes or compels the granting of such rights in such lands, and that the determination of the applicability or effect of such law shall be unaffected by anything herein contained.

Sec. 15. Report by Secretary.—As soon as practicable after the end of each fiscal year, the Secretary shall submit to the President of the Senate and the Speaker of the House of Representatives a report detailing the amounts of all moneys received and expended in connection with the administration of this Act during the preceding fiscal year.

All 67 Stat. 471.

SEC. 16. APPROPRIATIONS.—There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

SEC. 17. SEPARABILITY.—If any provision of this Act, or any section, subsection, sentence, clause, phrase or individual word, or the application thereof to any person or circumstance is held invalid, the validity of the remainder of the Act and of the application of any such provision, section, subsection, sentence, clause, phrase or individual word to other persons and circumstances shall not be affected thereby.

Approved August 7, 1953.

Form 3380–1
(February 1966)
(formerly 4–1255)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL AND GAS LEASE OF SUBMERGED LANDS
UNDER THE OUTER CONTINENTAL SHELF LANDS ACT

Office	
Serial Number	
Cash Bonus	
Rental Rate	
Minimum Royalty Rate	Royalty Rate

This indenture of lease entered into and effective as of , by and between the United States of America, hereinafter called the Lessor, by the Director, Bureau of Land Management, and

hereinafter called the Lessee, under, pursuant, and subject to the terms and provisions of the Outer Continental Shelf Lands Act of August 7, 1953 (67 Stat. 462; 43 U.S.C., Sec. 1331, *et seq.*), hereinafter referred to as the Act, and to all lawful and reasonable regulations of the Secretary of the Interior (hereinafter referred to as the Secretary) when not inconsistent with any express and specific provisions herein, which are made a part hereof:

WITNESSETH:

Sec. 1. Rights of Lessee. That the Lessor, in consideration of a cash bonus and of the rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, does hereby grant and lease to the Lessee the exclusive right and privilege to drill for, mine, extract, remove and dispose of all oil and gas deposits except helium gas in or under the following-described area of the Outer Continental Shelf (as that term is defined in the Act):

containing acres, more or less (hereinafter referred to as the leased area), together with:

(a) the nonexclusive right to conduct within the leased area geological and geophysical explorations which are not unduly harmful to aquatic life;

(b) the right to drill water wells within the leased area and use free of cost, and to dispose of, water produced from such wells; and

(c) the right to construct or erect and to maintain within the leased area all artificial islands, platforms, fixed or floating structures, sea walls, docks, dredged channels and spaces, buildings, plants, telegraph or telephone lines and cables, pipelines, reservoirs, tanks, pumping stations, and other works and structures necessary or convenient to the full enjoyment of the rights granted by this lease, for a period of 5 years and as long thereafter as oil or gas may be produced from the leased area in paying quantities, or drilling or well reworking operations, as approved by the Secretary, are conducted thereon; subject to any unitization or pooling agreement heretofore or hereafter approved by the Secretary which affects the leased area or any part thereof, the provisions of such agreements to govern the leased area or part thereof subject thereto where inconsistent with the terms of this lease.

Sec. 2. Obligations of Lessee. In consideration of the foregoing, the Lessee agrees:

(a) Rentals and royalties. (1) To pay rentals and royalties as follows:

Rentals. To pay the Lessor on or before the first day of each lease year commencing prior to a discovery of oil or gas on the leased area, a rental of per acre or fraction thereof.

Minimum royalty. To pay the Lessor in lieu of rental at the expiration of each lease year commencing after discovery a minimum royalty of per acre or fraction thereof or, if there is production, the difference between the actual royalty paid during the year and the prescribed minimum royalty, if the actual royalty paid is less than the minimum royalty.

Royalty on production. To pay the Lessor a royalty of percent in amount or value of production saved, removed, or sold from leased area. Gas of all kinds (except helium and gas used for purposes of production from and operations upon the leased area or unavoidably lost) is subject to royalty.

(2) It is expressly agreed that the Secretary may establish reasonable minimum values for purposes of computing royalty on products obtained from this lease, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, or area, to the price received by the Lessee, to posted prices, and to other relevant matters. Each such determination shall be made only after due

notice to the Lessee and a reasonable opportunity has been afforded the Lessee to be heard.

(3) When paid in value, such royalties on production shall be due and payable monthly on the last day of the month next following the month in which the production is obtained. When paid in production, such royalties shall be delivered at pipeline connections or in tanks provided by the Lessee. Such deliveries shall be made at reasonable times and intervals and, at the Lessee's option, shall be effected either (i) on or immediately adjacent to the leased area, without cost to the Lessor, or (ii) at a more convenient point closer to shore or on shore, in which event the Lessee shall be entitled to reimbursement for the reasonable cost of transporting the royalty substance to such delivery point. The Lessee shall not be required to provide storage for royalty taken in kind in excess of tankage required when royalty is paid in value. When payments are made in production the Lessee shall not be held liable for the loss or destruction of royalty oil or other liquid products in storage from causes over which the Lessee has no control.

(4) Rentals or minimum royalties may be reduced and royalties on the entire leasehold or any deposit, tract, or portion thereof segregated for royalty purposes may be reduced if the Secretary finds that, for the purpose of increasing the ultimate recovery of oil or gas and in the interest of conservation of natural resources, it is necessary, in his judgment, to do so in order to promote development, or because the lease cannot be successfully operated under the terms fixed herein.

(b) Bonds. To maintain at all times the bond required prior to the issuance of this lease and to furnish such additional security as may be required by the Lessor if, after operations or production have begun, the Lessor deems such additional security to be necessary.

(c) Cooperative or unit plan. Within 30 days after demand, to subscribe to and to operate under such reasonable cooperative or unit plan for the development and operation of the area, field, or pool, or part thereof, embracing lands included herein as the Secretary may determine to be practicable and necessary or advisable in the interest of conservation which plan shall adequately protect the rights of all parties in interest, including the United States.

(d) Wells. (1) To drill and produce such wells as are necessary to protect the Lessor from loss by reason of production on other properties or, in lieu thereof, with the consent of the oil and gas supervisor, to pay a sum determined by the supervisor as adequate to compensate the Lessor for failure to drill and produce any such well. In the event that this lease is not being maintained in force by other production of oil or gas in paying quantities or by other approved drilling or reworking operations, such payments shall be considered as the equivalent of production in paying quantities for all purposes of this lease.

(2) After due notice in writing, to drill and produce such other wells as the Secretary may reasonably require in order that the leased area or any part thereof may be properly and timely developed and produced in accordance with good operating practice.

(3) At the election of the Lessee, to drill and produce other wells in conformity with any system of well spacing or production allotments affecting the area, field, or pool in which the leased area or any part thereof is situated, which is authorized or sanctioned by applicable law or by the Secretary.

(e) Payments. To make all payments to the Lessor by check, bank draft or money order payable as indicated herein unless otherwise provided by regulations or by direction of the Secretary. Rental, royalties, and other payments shall be made payable to the United States Geological Survey and tendered to the Oil and Gas Supervisor, *except* that filing charges, bonuses, and first year's rental shall be made payable to the Bureau of Land Management and remitted to the Manager of appropriate field office of that Bureau.

(f) Contracts for disposal of products. To file with the Oil and Gas Supervisor, Geological Survey, not later than 30 days after the effective date thereof, copies of all contracts for the disposal of lease products; provided that the Supervisor may relieve the Lessee of this requirement, in which event the contracts shall be made available for inspection by the Supervisor upon his request. Nothing in any such contract or in any approval thereof by the Supervisor shall be construed or accepted as modifying any of the provisions of this lease, including, but not limited to, provisions relating to gas waste, taking royalty in kind, and the method of computing royalties due as based on a minimum valuation and in accordance with the regulations applicable to this lease.

(g) Statements, plats, and reports. At such times and in such form as the Lessor may prescribe, to furnish detailed statements and reports showing the amounts and quality of all products saved, removed, and sold from the leased area, the proceeds therefrom, and the amount used for production purposes or unavoidably lost; also a plat showing development work and improvements on or with regard to the leased area.

(h) Inspection. To keep open at all reasonable times for the inspection of any duly authorized representative of the Lessor, the leased area and all wells, improvements, machinery and fixtures thereon and all books, accounts, and records relative to operations and surveys or investigations on or with regard to the leased area or under the lease.

(i) Diligence. To exercise reasonable diligence in drilling and producing the wells herein provided for; to carry on all operations in accordance with approved methods and practices including those provided in the operating and conservation regulations for the Outer Continental Shelf; to remove all structures when no longer required for operations under the lease to sufficient depth beneath the surface of the waters to prevent them from being a hazard to navigation; to carry out at expense of the Lessee all lawful and reasonable orders of the Lessor relative to the matters in this paragraph, and that on failure of the Lessee so to do the Lessor shall have the right to enter on the property and to accomplish the purpose of such orders at the Lessee's cost: *Provided,* That the Lessee shall not be held responsible for delays or casualties occasioned by causes beyond the Lessee's control.

(j) Freedom of purchase. To accord all workmen and employees directly engaged in any of the operations under this lease complete freedom of purchase.

(k) Equal Opportunity clause. During the performance of this contract the lessee agrees as follows:

(1) The lessee will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The lessee will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

(2) The lessee will, in all solicitations or advertisements for employees placed by or on behalf of the lessee, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

(3) The lessee will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the lessee's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The lessee will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the lessee's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the lessee may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies involved as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The lessee will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The lessee will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: *Provided, however,* That in the event the lessee becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a reults of such direction by the contracting agency, the lessee may request the United States to enter into such litigation to protect the interests of the United States.

(l) Assignment of lease. To file for approval with the Bureau of Land Management, within 90 days from the date of final execution, any instrument of transfer of this lease, or any interest therein, including assignments of record title, operating agreements, and subleases. Carried working interests, overriding royalty interests, or payments out of production, may be created or transferred without requirement for filing or approval. Instruments required to be filed shall take effect upon approval as of the first day of the lease month following the date of filing unless at the request of the parties an earlier date is specified in such approval.

Sec. 3. Reservations to Lessor. The Lessor reserves:

(a) Geological and geophysical exploration; rights-of-way. The right to authorize the conduct of geological and geophysical exploration in the leased area which does not interfere with or endanger actual operations under this lease, and the right to grant such easements or rights-of-way upon, through, or in the leased area as may be necessary or appropriate to the working of other lands containing the deposits described in the Act, and to the treatment and shipment of products thereof by or under authority of the United States, its Lessees or Permittees, and for other public purposes, subject to the provisions of Section 5*(c)* of the Act where they are applicable and to all lawful and reasonable regulations and conditions prescribed by the Secretary thereunder.

(b) Leases of sulfur and other mineral. The right to grant sulfur leases and leases of any mineral other than oil, gas, and sulfur within the leased area or any part thereof, subject to the provisions of Section 8*(c)*, 8*(d)*, and 8*(e)* of the Act and all lawful and reasonable regulations prescribed by the Secretary thereunder; *Provided,* That no such sulfur lease or lease of other mineral shall authorize or permit the Lessee thereunder unreasonably to interfere with or endanger operations under this lease.

(c) Purchase of production. In time of war, or when the President of the United States shall so prescribe, the right of first refusal to purchase at the market price all or any portion of the oil or gas produced from the leased area, as provided in Section 12*(b)* of the Act.

(d) Taking of royalties. All rights, pursuant to clause (3) of Section 8*(b)* of the Act, to take royalties in the amount or value of production.

(e) Fissionable materials. All uranium, thorium, and all other materials determined pursuant to paragraph (1) of subsection *(b)* of Section 5 of the Atomic Energy Act of 1946, as amended, to be peculiarly essential to the production of fissionable materials, contained, in whatever concentration, in deposits in the subsoil or seabed of the leased area or any part thereof, as provided in Section 12*(e)* of the Act.

(f) Helium. Pursuant to Section 12*(f)* of the Act, the ownership and the right to extract helium from all gas produced under this lease, subject to such rules and regulations as shall be prescribed by the Secretary.

(g) Suspension of operations during war or national emergency. Upon recommendation of the Secretary of Defense, during a state of war or national emergency declared by the Congress or President of the United States after August 7, 1953, the authority of the Secretary to suspend any or all operations under this lease, as provided in Section 12*(c)* of the Act: *Provided,* That just compensation shall be paid by the Lessor to the Lessee.

(h) Restriction of exploration and operations. The right, as provided in Section 12*(d)* of the Act, to restrict from exploration and operations the leased area or any part thereof which may be designated by and through the Secretary of Defense, with the approval of the President, as, or as part of, an area of the Outer Continental Shelf needed for national defense; and so long as such designation remains in effect no exploration or operations may be conducted on the surface of the leased area or the part thereof included within the designation except with the concurrence of the Secretary of Defense; and if operations or production under this lease within any such restricted area shall be suspended, any payments of rentals, minimum royalty, and royalty prescribed by this lease likewise shall be suspended during such period of suspension of operations and production, and the term of this lease shall be extended by adding thereto any such suspension period, and the Lessor shall be liable to the Lessee for such compensation as is required to be paid under the Constitution of the United States.

Sec. 4. Directional drilling. This lease may be maintained in force by directional wells drilled under the leased area from surface locations on adjacent or adjoining lands not covered by this lease. In such circumstances, drilling shall be considered to have been commenced on the leased area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the leased area, and production of oil or gas from the leased area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well

shall be considered production or drilling or reworking operations (as the case may be) on the leased area for all purposes of this lease. Nothing contained in this paragraph is intended or shall be construed as granting to the Lessee any leasehold interests, licenses, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, licenses, easements, or other rights which the Lessee may have lawfully acquired under the Act or from the Lessor or others.

Sec. 5. Surrender and termination of lease. The Lessee may surrender this entire lease or any officially designated subdivision of the leased area by filing with the Bureau of Land Management, a written relinquishment, in *triplicate*, which shall be effective as of the date of filing, subject to the continued obligation of the Lessee and his surety to make payment of all accrued rentals and royalties and to abandon all wells on the area to be relinquished to the satisfaction of the Oil and Gas Supervisor.

Sec. 6. Removal of property on termination of lease. Upon the expiration of this lease, or the earlier termination thereof as herein provided, the Lessee shall within a period of 1 year thereafter remove from the premises all structures, machinery, equipment, tools, and materials other than improvements needed for producing wells or for drilling or producing on other leases and other property permitted by the Lessor to be maintained on the area.

Sec. 7. Remedies in case of default. *(a)* Whenever the Lessee fails to comply with any of the provisions of the Act or this lease or the applicable regulations in force and effect on the date of issuance of this lease, the lease shall be subject to cancellation as follows:

(1) *Cancellation of nonproducing lease.* If, at the time of such default, no well is producing, or is capable of producing, oil or gas in paying quantities from the leased area, whether such well be drilled from a surface location within the leased area or be directionally drilled from a surface location on adjacent or adjoining lands, this lease may be cancelled by the Secretary (subject to the right of judicial review as provided in Section 8*(j)* of the Act) if such default continues for the period of 30 days after mailing of notice by registered letter to the Lessee at the Lessee's record post office address.

(2) *Cancellation of producing lease.* If, at the time of such default, any well is producing, or is capable of producing, oil or gas in paying quantities from the leased area, whether such well be drilled from a surface location within the leased area or be directionally drilled from a surface location on adjacent or adjoining lands, this lease may be cancelled by an appropriate proceeding in any United States district court having jurisdiction under the provisions of Section 4*(b)* of the Act if such default continues for the period of 30 days after mailing of notice by registerd letter to the Lessee at the Lessee's record post office address.

(b) Other remedies. If any such default continues for the period of 30 days after mailing of notice by registered letter to the Lessee at the Lessee's record post office address, the Lessor may then exercise any legal or equitable remedy which the Lessor may have; however, the remedy of cancellation of this lease may be exercised only under the conditions and subject to the limitations set out above in paragraph *(a)* of this Section, or pursuant to Section 8*(i)* of the Act.

(c) Effect of waiver of default. A waiver of any particular default shall not prevent the cancellation of this lease or the exercise of any other remedy the Lessor may have by reason of any other cause or for the same cause occurring at any other time.

Sec. 8. Heirs and successors in interest. Each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 9. Unlawful interest. No Member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, or either before or after he has qualified, and during his continuance in office, and no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a) (1), shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of Section 3741 of the Revised Statutes (41 U.S.C. Sec. 22), as amended, and Sections 431, 432, and 433 of Title 18 of the United States Code, relating to contracts made or entered into, or accepted by or on behalf of the United States, form a part of this lease so far as the same may be applicable.

THE UNITED STATES OF AMERICA

By _____
(Authorized Officer)

_____
(Title)

_____
(Date)

_____
(Signature of Lessee)

_____
(Signature of Lessee)

_____
(Signature of Lessee)

_____
(Signature of Lessee)

If this lease is executed by a corporation, it must bear the corporate seal

GPO 855-336

Form 3380–7
(June 1965)
(formerly 4–1256)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Cash bonus .....
Rental rate .....
Minimum royalty rate .....
Royalty rate .....

Office .....

Serial .....

SULFUR LEASE UNDER THE OUTER CONTINENTAL SHELF LANDS ACT

This indenture of lease entered into and effective as of ....., by and between the United States of America, hereinafter called the lessor, by the Director, Bureau of Land Management, and

hereinafter called the lessee, under, pursuant and subject to the terms and provisions of the Outer Continental Shelf Lands Act of August 7, 1953 (67 Stat. 462; 43 U. S. C., sec. 1331, *et seq.*), hereinafter referred to as the Act, which is made a part hereof, and to all lawful and reasonable regulations of the Secretary of the Interior (hereinafter referred to as the Secretary) when not inconsistent with any express and specific provisions herein, which are made a part hereof:

WITNESSETH:

SECTION 1. *Rights of lessee.*—That the lessor, in consideration of a cash bonus and of the rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, does hereby grant and lease to the lessee the exclusive right and privilege to drill for, mine, remove, and dispose of all the sulfur deposits in, upon, or under the following-described area of the outer Continental Shelf (as that term is defined in the Act):

containing ..... acres, more or less (hereinafter referred to as the leased area), together with:

(a) the non-exclusive right to conduct within the leased area geological and geophysical explorations which are not unduly harmful to aquatic life;

(b) the right to drill water wells within the leased area and to use free of cost, and to dispose of, water produced from such wells; and

(c) the right to construct or erect and to maintain within the leased area all artificial islands, fixed structures, sea walls, docks, dredged channels and spaces, buildings, plants, telegraph or telephone lines and cables, pipelines, reservoirs, tanks, pumping stations, and other works and structures necessary or convenient to the full enjoyment of the rights granted by this lease, for a period of 10 years and so long thereafter as sulfur is being produced from the leased area or drilling, well reworking, plant construction, or other operations for the production of sulfur, as approved by the Secretary, are being conducted thereon; subject to any unit agreement heretofore or hereafter approved by the Secretary, the provisions of said agreement to govern the leased area or part thereof subject thereto where inconsistent with the terms of this lease.

SEC. 2. *Obligations of lessee.*—In consideration of the foregoing, the lessee agrees:

(a) *Bond.*—To maintain at all times the bond required prior to the issuance of this lease and to furnish such additional security as may be required by the lessor if, after operations or production have begun, the lessor deems such additional security to be necessary.

(b) *Royalty.*—To pay the lessor a royalty of ..... percent of the gross value at the wellhead of the sulfur produced. Such royalty shall be paid monthly in value or delivered in kind at the option of the lessor. It is expressly agreed that the Secretary may establish reasonable minimum values for purposes of computing royalty on any sulfur, due consideration being given to the highest price paid for a part or a majority of the production of like quality from the same general area, to the price received by the lessee, to posted prices, and other relevant matters, and, whenever appropriate, after notice and opportunity to be heard. When paid in value, such royalty on production shall be due and payable monthly on the last day of the calendar month following the calendar month in which the production is obtained. When paid in kind, such royalty shall be delivered in merchantable condition at the point of shipment from the lease.

Such deliveries shall be made at reasonable times and intervals and, at the lessee's option, shall be effected either (i) on or immediately adjacent to the leased area, without cost to the lessor, or (ii) at a more convenient point closer to shore or on shore, in which event the lessee shall be entitled to reimbursement for the reasonable cost of transporting the royalty substance to such delivery point. In no case shall the lessee be required to hold sulfur in storage beyond the last day of the calendar month next following the month in which produced nor be responsible or held liable for the loss or destruction of sulfur in storage from causes over which the lessee has no control.

(c) *Rentals.*—To pay the lessor on or before the first day of each lease year commencing prior to a discovery of sulfur on the leased area, a rental of ..... per acre or fraction thereof.

(d) *Minimum royalty.*—To pay the lessor in lieu of rental at the expiration of each lease year commencing after discovery a minimum royalty of ..... per acre or fraction thereof or, if there is production, the difference between the actual royalty paid during the year and the prescribed minimum royalty, if the actual royalty paid is less than the minimum royalty.

(e) *Payments.*—Unless otherwise provided by regulation or directed by the Secretary, to make rental, royalty, or other payments to the lessor, to the order of the Treasurer of the United States, and to tender such payments to the oil and gas supervisor, Geological Survey.

(f) *Freedom of purchase.*—To accord all workmen and employees directly engaged in operations under this lease complete freedom of purchase.

(g) *Statements, plats, and reports.*—At such times and in such form as the lessor may prescribe, to furnish detailed statements and reports showing the amounts and quality of all products saved, removed, and sold from the leased area, the proceeds therefrom, and the amount used for production purposes or unavoidably lost; also a plat showing development work or improvements on or with regard to the leased area.

(h) *Diligence; prevention of waste; health and safety of workmen.*—To develop and produce in commercial quantities, with reasonable diligence, skill and care in the operation of the property, the sulfur susceptible of such production in the leased area; to carry out, at the expense of the lessee, all reasonable orders of the lessor issued in pursuance of the operating regulations; to carry on all mining, reducing, refining, and other operations in accordance with approved methods and practice and in conformity with the operating regulations; to take all reasonable precaution to prevent damage to mineral deposits, injury to life, health, or property, or economic waste; to observe all laws relative to the health and safety of workmen and employees; and to provide access at all times to mining and related productive operations for examination and inspection by authorized representatives of the lessor.

(i) *Assignment of lease.*—To file for approval with the Bureau of Land Management, within 90 days from the date of final execution, any instrument of transfer of this lease, or any interest therein, including assignments of record title, operating agreements, and subleases. Carried working interests, overriding royalty interests, or payments out of production, may be created or transferred without requirement for filing or approval. Instruments required to be filed shall take effect upon approval as of the first day of the lease month following the date of filing unless at the request of the parties an earlier date is specified in such approval.

(j) *Waiver of rentals and royalties.*—Rentals or minimum royalties may be reduced and royalties on the entire leasehold or any

16—70879-1

deposit, tract, or portion thereof segregated for royalty purposes may be reduced if the Secretary finds that, for the purpose of increasing the ultimate recovery of sulfur and in the interest of conservation of natural resources, it is necessary, in his judgment, to do so in order to promote development, or because the lease cannot be successfully operated under the terms fixed herein.

(4) Nondiscrimination clauses. During the performance of this contract the lessee agrees as follows:

(1) The lessee will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The lessee will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

(2) The lessee will, in all solicitations or advertisements for employees placed by or on behalf of the lessee, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

(3) The lessee will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the said labor union or workers' representative of the lessee's commitments under this Section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The lessee will comply with all provisions of Executive Order No. 10925 of March 6, 1961, as amended, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

(5) The lessee will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, as amended, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the lessee's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the lessee may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 10925 of March 6, 1961, as amended, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

(7) The lessee will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to Section 303 of Executive Order No. 10925 of March 6, 1961, as amended, so that such provisions will be binding upon each subcontractor or vendor. The lessee will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: *Provided, however,* that in the event the lessee becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the lessee may request the United States to enter into such litigation to protect the interests of the United States.

Sec. 3. *Reservation to lessor.* The lessor expressly reserves:

(a) Geological and geophysical exploration; rights-of-way. The right to authorize the conduct of geological and geophysical exploration in the leased area which does not interfere with or endanger actual operations under this lease, and the right to grant such easements or rights-of-way, upon, through, or in the leased area as may be necessary to the working of other lands containing the deposits described in the Act, and to the treatment and shipment of products thereof by or under authority of the United States, its lessees or permittees, and for other public purposes, subject to the provisions of Section 5 (c) of the Act where they are applicable and to all lawful and reasonable regulations and conditions prescribed by the Secretary thereunder.

(b) Leases of other minerals. The right to grant leases of any mineral other than sulfur within the leased area or any part thereof, subject to the provisions of Section 8 (c), (d), and (e) of the Act and all lawful and reasonable regulations prescribed by the Secretary thereunder; *Provided,* That no such mineral lease shall authorize or permit the lessee thereunder unreasonably to interfere with or endanger operations under this lease.

(c) Purchase of production. In time of war, or when the President shall so prescribe, the right of first refusal to purchase all or any of the sulfur produced from the leased area at the point of shipment to market at the prevailing market prices as determined by the Secretary.

(d) Suspension of operations during war or national emergency. Upon recommendation of the Secretary of Defense, during a state of war or national emergency declared by the Congress or President of the United States after August 7, 1953, the authority of the Secretary of the Interior to suspend any or all operations under this lease, as provided in Section 12 (c) of the Act; *Provided,* That just compensation shall be paid by the lessor to the lessee.

(e) Restriction of exploration and operations. The right, as provided in Section 12 (d) of the Act, to restrict from exploration and operations the leased area or any part thereof which may be designated by and through the Secretary of Defense, with the approval of the President, as, or as part of, an area of the Outer Continental Shelf needed for national defense; and so long as such designation remains in effect no exploration or operations may be conducted on the surface of the leased area or the part thereof included within the designation except with the concurrence of the Secretary of Defense; and if operations or production under this lease within any such restricted area shall be suspended, any payments of rentals minimum royalty, and royalty prescribed by this lease likewise shall be suspended during such period of suspension of operations and production, and the term of this lease shall be extended by adding thereto any such suspension period, and the lessor shall be liable to the lessee for such compensation as is required to be paid under the Constitution of the United States.

Sec. 4. *Directional drilling.* This lease may be maintained in force by directional wells drilled under the leased area from surface locations on adjacent or adjoining lands not covered by this lease. In such circumstances, drilling shall be considered to have been commenced on the leased area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the leased area, and production of sulfur from the leased area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations (as the case may be) on the leased area for all purposes of this lease. Nothing contained in this paragraph is intended or shall be construed as granting to the lessee any leasehold interests, licenses, easements, or other rights in or with respect to such adjacent or adjoining land in addition to any such leasehold interests, licenses, easements or other rights which the lessee may have lawfully acquired under the Act or from the lessor or others.

Sec. 5. *Surrender and termination of lease.* The lessee may surrender this entire lease or any officially designated subdivision of the leased area by filing with the Bureau of Land Management, a written relinquishment, in *triplicate,* which shall be effective as of the date of filing, subject to the continued obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to abandon all wells or workings on the area to be relinquished.

Sec. 6. *Removal of property on termination of lease.* Upon the expiration of this lease, or the earlier termination thereof as herein provided, the lessee shall within a period of one year thereafter remove from the premises all structures, machinery, equipment, tools, and materials other than improvements needed for producing wells or for drilling or producing other leases and other property permitted by the lessor to be maintained on the area.

Sec. 7. *Proceedings in case of default.* If the lessee fails to comply with any of the provisions of the Act or this lease or the applicable regulations in force on the date of issuance of this lease and such default continues for a period of 30 days after service by registered mail of notice thereof upon the lessee, this lease may be cancelled by the Secretary in accordance with Section 5 (b) (1) of the Act, if the lease is not producing at the time of default. If the lease is producing at that time, it may be cancelled only by judicial proceedings in the manner provided in Section 5 (b) (2) of the Act. These provisions shall not be construed to prevent the exercise by the lessor of any legal or equitable remedy which the lessor might otherwise have. A waiver of any particular default shall not prevent the cancellation of this lease or the exercise of any other remedy the lessor may have by reason of any other cause or for the same cause occurring at any other time.

Sec. 8. *Heirs and successors in interest.* Each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 9. *Unlawful interest.* No Member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, or either before or after he has qualified, and during his continuance in office, and no officer, agent, or employee of the Department of the Interior, other than members of the district advisory boards appointed in accordance with Section 18 of the Taylor Grazing Act, (53 Stat. 1002, 43 U.S.C. Sec. 315c–1) shall be admitted to any share or part in this lease, or derive any benefit that may arise therefrom, and the provisions of Section 3741 of the Revised Statutes (41 U.S.C. Sec. 22) and (18 U.S.C. Secs. 431–433), relating to contracts, enter into and form a part of this lease so far as the same may be applicable.

IN WITNESS WHEREOF

THE UNITED STATES OF AMERICA

By_____

_____
(Name of Witness)

_____
(Address)

_____
(Title) (Date)

_____
(Name of Witness)

_____
(Address)

_____
(Signature of Lessee)

If this lease is executed by a corporation, it must bear the corporate seal

Regulations Pertaining To

MINERAL LEASING, OPERATIONS and PIPELINES

on the

OUTER CONTINENTAL SHELF

as contained in

TITLE 30 and TITLE 43
of the
CODE OF FEDERAL REGULATIONS
and the

OUTER CONTINENTAL SHELF LANDS ACT
(67 Stat. 462)

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOVEMBER 1970

PREFACE

This booklet contains regulations governing the conduct of mineral operations and development in the Outer Continental Shelf (*30 CFR, Part 250*) which are administered by the U.S. Geological Survey, and regulations governing the granting of rights-of-way for pipelines on the Outer Continental Shelf (*43 CFR, Part 2880, Subpart 2883*) and leasing of mineral deposits in the Outer Continental Shelf (*43 CFR, Part 3300*), which are administered by the Bureau of Land Management.

The "Outer Continental Shelf Lands Act" (*67 Stat. 462*) and Bureau of Land Management forms used for leases under the Outer Continental Shelf Lands Act are also included as part of this booklet.

* *

TABLE OF CONTENTS

Page

Title 30, Code of Federal Regulations
Part 250—Oil and Gas and Sulphur Operations in the Outer Continental Shelf..... 3

Title 43, Code of Federal Regulations
Part 2880—For Mineral Leasing Purposes, Subpart 2883—For Pipe Lines on the Outer Continental Shelf (*Act of August 7, 1953*)..... 23

Part 3300—Outer Continental Shelf Mineral Deposits..... 29

Outer Continental Shelf Lands Act (*67 Stat. 462*)..... 43

Bureau of Land Management Forms
Oil and Gas Lease of Submerged Lands Under the Outer Continental Shelf Lands Act (*Form 3380—1*)..... 53

Sulfur Lease Under the Outer Continental Shelf Lands Act (*Form 3380—7*)..... 57

CODE OF FEDERAL REGULATIONS

TITLE 30

PART 250

OIL AND GAS AND SULPHUR OPERATIONS IN THE OUTER CONTINENTAL SHELF

58-160 O - 71 - pt. 1 --18

PART 250—OIL AND GAS AND SULPHUR OPERATIONS IN THE OUTER CONTINENTAL SHELF

GENERAL PROVISIONS

Sec.

250.1 Purpose and authority.
250.2 Definitions.

JURISDICTION AND FUNCTIONS OF SUPERVISOR

250.10 Jurisdiction.
250.11 General functions.
250.12 Regulation of operations.
250.13 Temporary approvals.
250.14 Samples, tests and surveys.
250.15 Drilling and abandonment of wells.
250.16 Well potentials and permissible flow.
250.17 Well locations and spacing.
250.18 Rights of use and easement.
250.19 Platforms and pipelines.
250.20 Rentals, royalties, and other payments.

REQUIREMENT FOR LESSEES

250.30 Lease terms, regulations, waste, damage and safety.
250.31 Designation of operator.
250.32 Local agent.
250.33 Drilling and producing obligations.
250.34 Drilling and development programs.
250.35 Extension of leases by drilling or well reworking.
250.36 Subsequent well operations.
250.37 Well designations.
250.38 Well records.
250.39 Samples, tests, and surveys.
250.40 Directional survey.
250.41 Control of wells.
250.42 Emulsion and dehydration.
250.43 Pollution and waste disposal.
250.44 Well abandonment.
250.45 Accidents, fires, and malfunctions.
250.46 Workmanlike operations.
250.47 Sales contracts.
250.48 Division orders.
250.49 Royalty and rental payments.
250.50 Unit plans, pooling, and drilling agreements.
250.51 Application for approval of unit plan.
250.52 Pooling or drilling agreements.
250.53 Subsurface storage of oil or gas.

MEASUREMENT OF PRODUCTION AND COMPUTATION OF ROYALTIES

250.60 Measurement of oil.
250.61 Measurement of gas.
250.62 Determination of content of gas.
250.63 Quantity basis for substances extracted from gas.
250.64 Value basis for computing royalties.
250.65 Royalty on oil.
250.66 Royalty on unprocessed gas.
250.67 Royalty on processed gas and constituent products.
250.68 Commingling production.
250.69 Measurement of sulphur.

PROCEDURE IN CASE OF DEFAULT BY LESSEE

250.80 Default.
250.81 Appeals.
250.82 Judicial review.

REPORTS TO BE MADE BY ALL LESSEES (Including Operators)

250.90 General requirements.
250.91 Application for permit to drill, deepen, or plugback.
250.92 Sundry notices and reports on wells.
250.93 Monthly report of operations.
250.94 Statement of oil and gas runs and royalties.
250.95 Well completion or recompletion report and log.
250.96 Special forms or reports.
250.97 Public inspection of records.

MINERAL LEASES AFFECTED BY SECTION 6 OF OUTER CONTINENTAL SHELF LANDS ACT

250.100 Effect of regulations on provisions of lease.

AUTHORITY: The provisions of this Part 250 issued under secs. 5, 6, 67 Stat. 464, 465; 43 U.S.C. 1334, 1335.

SOURCE: The provisions of this Part 250 appear at 19 F.R. 2656, May 8, 1954, unless otherwise noted.

CROSS REFERENCE: For further regulations pertaining to the issuance and recognition of mineral leases covering submerged lands in the outer Continental Shelf, see 43 CFR Part 3300.

GENERAL PROVISIONS

§ 250.1 Purpose and authority.

The Outer Continental Shelf Lands Act enacted on August 7, 1953 (67 Stat. 462), referred to in this part as "the act," authorizes the Secretary of the Interior at any time to prescribe and amend such rules and regulations, to be applicable to all operations conducted under a lease issued or maintained under the provisions of the act, as he determines to be necessary and proper to provide for the prevention of waste and conservation of the natural resources of the Outer Continental Shelf, and the protection of correlative rights therein. Subject to the supervisory authority of the Secretary of the Interior, the regulations in this part shall be administered by the Director of the Geological Survey through the Chief, Conservation Division.

§ 250.2 Definitions.

The following terms as used in the regulations in this part shall have the meanings here given:

(a) *Secretary.* The Secretary of the Interior.

(b) *Director.* The Director of the Geological Survey, Washington, D. C., having administrative direction of the enforcement of the regulations in this part.

(c) *Supervisor.* A representative of the Secretary, under administrative direction of the Director, through the Chief, Conservation Division, Geological Survey, authorized and empowered to regulate operations and to perform other duties prescribed in the regulations in this part, or any subordinate of such representative acting under his direction.

(d) *Outer Continental Shelf.* All submerged lands (1) which lie seaward and outside of the area of lands beneath navigable waters as defined in the Submerged Lands Act (67 Stat. 29) and (2) of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control.

(e) *Lease.* The contract or agreement under which the leasehold rights are held by the lessee, or the land covered by the contract or agreement, whichever is required by the context.

(f) *Lessee.* The party authorized by a lease, or an approved assignment thereof, to develop and produce the leased deposits in accordance with the regulations in this part, including all parties holding such authority by or through him.

(g) *Operator.* The individual, partnership, firm, or corporation having control or management of operations on the leased land or a portion thereof. The operator may be a lessee, designated agent of the lessee, or holder of rights under an approved operating agreement.

(h) *Waste of oil and gas.* Waste means and includes (1) physical waste as that term is generally understood in the oil and gas industry; (2) the inefficient, excessive, or improper use of, or the unnecessary dissipation of reservoir energy; (3) the locating, spacing, drilling, equipping, operating, or producing of any oil or gas well or wells in a manner which causes or tends to cause reduction in the quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations or which causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas; (4) the inefficient storage of oil; and (5) the production of oil or gas in excess of transportation or marketing facilities or in excess of reasonable market demand.

(i) *Directional drilling.* The deviation of a bore hole from the vertical or from its normal course in an intended predetermined direction or course with respect to the points of the compass. Directional drilling shall not include deviations made for the purpose of straightening a hole that has become crooked in a normal course of drilling or deviating a hole at random without regard to compass direction in an attempt to sidetract a portion of the hole on account of mechanical difficulty in drilling.

(j) *OCS Order.* A formal numbered order issued by the supervisor and available in his office, with the prior approval of the Chief, Conservation Division, Geological Survey, that implements the regulations in this part and applies to operations in a region or a major portion thereof.

(k) *Pollution Contingency Plan.* The National Multi-Agency Oil and Hazardous Materials Pollution Contingency Plan cosigned by the Department of the Interior, Department of Transportation,

Department of Defense, Department of Health, Education, and Welfare, and the Office of Emergency Preparedness and administered by the Secretary of the Interior, or any successor plan thereto.

§ 250.10 Jurisdiction.

Subject to the supervisory authority of the Secretary and the Director, drilling and production operations, handling and measurement of production, determination and collection of rental and royalty, and, in general, all operations conducted on a lease by or on behalf of a lessee are subject to the regulations in this part, and are under the jurisdiction of the supervisor for any region as delineated by the Director.

§ 250.11 General functions.

The supervisor is authorized and directed to act upon the requests, applications, and notices submitted under the regulations in this part and to require compliance with applicable laws, the lease terms, applicable regulations, and OCS Orders to the end that all operations shall be conducted in a manner which will protect the natural resources of the Outer Continental Shelf and result in the maximum economic recovery of the mineral resources in a manner compatible with sound conservation practices. Subject to the approval of the Chief, Conservation Division, Geological Survey, the supervisor may issue OCS Orders implementing the requirements of the regulations of this part when such implementations apply to an entire region or a major portion thereof. The supervisor may issue written or oral orders to govern lease operations. Oral orders shall be confirmed in writing by the supervisor as promptly as possible. The supervisor may issue other orders, and rules to govern the development and method of production of a pool, field, or area. Prior to the issuance of OCS Orders and other orders and rules, the supervisor may consult with, and receive comments from, lessees, operators, and other interested parties. Before permitting operations on the leased land, the supervisor may require evidence that a lease is in good standing, that the lessee is authorized to conduct operations, and that an acceptable bond has been filed.

§ 250.12 Regulation of operations.

(a) *Duties of supervisor.* The supervisor in accordance with the regulations in this part shall inspect and regulate all operations and is authorized to issue OCS Orders and other orders and rules necessary for him to effectively supervise operations and to prevent damage to, or waste of, any natural resource, or injury to life or property. The supervisor shall receive, and shall, when in his judgment it is necessary, consult with or solicit advice from lessees, field officials of interested Departments and agencies, including the Fish and Wildlife Service, Federal Water Pollution Control Administration, Bureau of Land Management, Coast Guard, Department of Defense, Corps of Engineers, and representatives of State and local governments.

(b) *Departures from orders.* (1) The supervisor may prescribe or approve in writing, or orally with written confirmation, minor departures from the requirements of OCS Orders and other orders and rules issued pursuant to (a) of this section, when such departures are necessary for the proper control of a well, conservation of natural resources, protection of aquatic life, protection of human health and safety, property, or the environment.

(2) All requests or recommendations for major departures from the requirements of OCS Orders, whether on an individual well or field basis, shall be approved by the Chief, Conservation Division.

(c) *Emergency suspensions.* The supervisor is authorized, either in writing or orally with written confirmation, to suspend any operation, including production, which in his judgment threatens immediate, serious, or irreparable harm or damage to life, including aquatic life, to property, to the leased deposits, to other valuable mineral deposits or to the environment. Such emergency suspension shall continue until in his judgment the threat or danger has terminated.

(d) *Other suspensions.* (1) In addition to the provisions of section 12 (c) and (d) of the act providing for suspension of operations and production, in the interest of conservation the supervisor may direct or, at the request of a lessee, may approve the suspension of operations or production, or both, including the approval of

suspension of production for (i) leases on which a well has been drilled and determined by the supervisor to be capable of being produced in paying quantities and thereafter temporarily abandoned or permanently plugged and abandoned to facilitate proper development of the lease, and (ii) leases on which a well has been drilled and determined by the supervisor to be capable of being produced in paying quantities, but which cannot be produced because of the lack of transportation facilities. Suspensions of operations or production, or both, may be approved for an initial period, not exceeding 2 years, and for succeeding periods, not exceeding 1 year each.

(2) As to any leases maintained under section 6 of the act covering minerals in addition to oil and gas, the supervisor may suspend operations separately as to oil and gas or as to any other mineral designated in the suspension, order, or grant.

(3) The supervisor is authorized by written notice to the lessee to suspend any operation, including production, for failure to comply with applicable law, the lease terms, the regulations in this part, OCS Orders, or any other written order or rule including orders for filing of reports and well records or logs within the time specified.

(e) *Reduction of rental and royalty.* In order to increase the ultimate recovery of minerals and in the interest of conservation, the Director of the Geological Survey, whenever he determines it necessary to promote development or finds that a lease cannot be successfully operated under the terms provided therein, may reduce the rental, minimum royalty, or royalty on the entire leasehold, or on any deposit, tract, or portion thereof segregated for royalty purposes. An application for any of the above relief shall be filed in triplicate with the Director of the Geological Survey. It must contain the serial number of the lease; the name of the record title holder; a description of the area included in the lease; the number, location, and status of each well that has been drilled; a tabulated statement for each month, covering a period of not less than 6 months prior to the date of filing the application, of the aggregate amount of minerals subject to royalty computed in accordance with the lease and applicable regulations. Every application must also contain a detailed statement of expenses and costs of operating the entire lease and of the income from the sale of any leased products, and all facts tending to show whether the wells or workings can be successfully operated upon the rental or royalty fixed in the lease. Where the application is for a reduction of royalty, full information shall be furnished as to whether royalties or payments out of production are paid to others than the United States, the amounts so paid, and efforts made to reduce them. The applicant must also file agreements of the holders of the lease and of royalty holders to a permanent reduction of all other royalties from the leasehold to an aggregate not in excess of one half the Government royalties.

§ 250.13 Temporary approvals.

Whenever the regulations in this part require a lessee to obtain approval of the supervisor, the lessee may make an oral or telegraphic request for such approval, and the supervisor may give such oral or telegraphic approval as may be warranted: *Provided,* That the transaction shall forthwith be confirmed in the manner otherwise required by the regulations in this part.

§ 250.14 Samples, tests, and surveys.

(a) When deemed necessary or advisable, the supervisor is authorized to require that adequate tests or surveys be made in an acceptable manner without cost to the lessor to determine the reservoir energy; the presence, quantity, and quality of oil, gas, sulphur, other mineral deposits, or water; the amount and direction of deviation of any well from the vertical; or the formation, casing, tubing, or other pressures.

(b) The supervisor may, at the time of approval of any notice to drill or redrill any well, stipulate reasonable requirements for the taking of formation samples or cores to determine the identity and character of any formation.

§ 250.15 Drilling and abandonment of wells.

The supervisor shall demand drilling in accordance with the terms of the lease

and of the regulations in this part; and shall require plugging and abandonment, in accordance with such plan as may be approved or prescribed by him, of any well no longer used or useful, and upon failure to secure compliance with such requirement, perform the work at the expense of the lessee, expending available public funds, and submit such report as may be needed to furnish a basis for appropriate action to obtain reimbursement.

§ 250.16 Well potentials and permissible flow.

The supervisor is authorized to specify the time and method for determining the potential capacity of any well and to fix, after appropriate notice, the permissible production of any such well that may be produced when such action is necessary to prevent waste or to conform with such proration rules, schedules, or procedures as may be established by the Secretary.

§ 250.17 Well locations and spacing.

The supervisor is authorized to approve well locations and well spacing programs necessary for proper development giving consideration to such factors as the location of drilling platforms, the geological and reservoir characteristics of the field, the number of wells that can be economically drilled, the protection of correlative rights, and minimizing unreasonable interference with other uses of the Outer Continental Shelf area.

§ 250.18 Rights of use and easement.

(a) In addition to the rights and privileges granted to a lessee under any lease issued or maintained under the act, the supervisor may grant such lessee, subject to such reasonable conditions as said supervisor may prescribe, the right of use or an easement to construct and maintain platforms, fixed structures, and artificial islands, and to use the same for carrying on operations, including drilling, directional drilling, producing, treating, handling, and storing production, and housing personnel engaged in operations, not only in connection with the lease on which the platform, structure, or island, is situated, but for the conduct of operations on any other lease, State or Federal.

(b) The supervisor may grant to a holder of a Federal or State lease the right of use or an easement to construct and maintain platforms, fixed structures, and artificial islands on areas of the Outer Continental Shelf, near or adjacent to the leased area, and to use same for drilling directional well or wells to be bottomed under the leased area, and for producing and reworking such well or wells, and for handling, treating, and storing the production therefrom. Such rights of use or easement if on an area subject to any mineral lease issued or maintained under the act shall be granted only after the lessee under such lease has been notified and afforded an opportunity to voice objections thereto, and any such right shall be exercised only in such manner so as not to interfere unreasonably with operations of the lessee under such lease.

(c) In addition to the rights and privileges granted to a Federal lessee under any lease issued or maintained under the act, the supervisor upon proper application may grant to a holder of a Federal lease or State lease issued by a State which extends the same rights to holders of Federal leases, subject to such reasonable conditions as the supervisor may prescribe, the right of use or an easement to construct and maintain pipelines on areas of the Outer Continental Shelf which are constructed, owned, and maintained by the lessee and used for purposes such as (1) moving production to a central point for gathering, treating, storing, or measuring; (2) delivery of production to a point of sale; (3) delivery of production to a pipeline operated by a transportation company; or (4) moving fluids in connection with lease operations, such as for injection purposes. The supervisor is authorized to approve any reasonable offshore or onshore location as the central or delivery point. Rights of use or easement across areas covered by a mineral lease issued or maintained under the act shall be granted only after the lessee under such lease has been notified by the applicant and afforded a reasonable opportunity to express its views with respect thereto, and any such rights shall be exercised only in a manner so as not to interfere unreasonably with operations of the lessee under such lease. The foregoing right of use and easement shall not

apply to pipelines used for transporting oil, gas, or other production after custody has been transferred to a purchaser or carrier as provided for in section 5(c) of the Outer Continental Shelf Lands Act and regulations in 43 CFR 2234 5-3.

(d) Once a right of use or easement has been exercised by the erection of platforms, fixed structures, artificial islands, or pipelines, the right shall continue only so long as they are maintained and are useful for the purpose specified therein, as determined by the supervisor, even beyond the termination of any lease on which they may be situated, and the rights of all subsequent lessees shall be subject to such rights of use and easement by prior lessees. Upon termination by the supervisor of the right of use and easement, the lessee shall remove or otherwise dispose of all platforms, fixed structures, artificial islands, pipelines, and other facilities and restore the premises to the satisfaction of the supervisor; provided, however, that pipelines may be abandoned in place for so long as they do not constitute a navigational or other hazard as determined by the supervisor.

§ 250.19 Platforms and pipelines.

(a) The supervisor is authorized to approve the design, other features, and plan of installation of all platforms, fixed structures, and artificial islands as a condition of the granting of a right of use or easement under paragraphs (a) or (b) of § 250.18 or authorized under any lease issued or maintained under the act.

(b) The supervisor is authorized to approve the design, other features, and plan of installation of all pipelines for which a right of use or easement has been granted under paragraph (c) of § 250.18 or authorized under any lease issued or maintained under the act, including those portions of such lines which extend onto or traverse areas other than the Outer Continental Shelf.

§ 250.20 Rentals, royalties, and other payments.

The supervisor shall determine pursuant to the lease and regulations the rental and the amount or value of production accruing to the lessor as royalty, the loss through waste or failure to drill and produce protection wells on the lease, and the compensation due to the lessor as reimbursement for such loss.

REQUIREMENTS FOR LESSEES

§ 250.30 Lease terms, regulations, waste, damage, and safety.

The lessee shall comply with the terms of applicable laws and regulations, the lease terms, OCS Orders and other written orders and rules of the supervisor, and with oral orders of the supervisor. All such oral orders shall be effective when issued, and are to be confirmed in writing as provided in § 250.11. The lessee shall take all necessary precautions to prevent damage to or waste of any natural resource or injury to life, or property, or the aquatic life of the seas.

§ 250.31 Designation of operator.

In all cases where operations are not conducted by the record owner but are to be conducted under authority of an unapproved operating agreement, assignment, or other arrangement, a "designation of operator" shall be submitted to the supervisor, in a manner and form approved by him, prior to commencement of operations. Such designation will be accepted as authority of operator or his local representative to fulfill the obligations of the lessee and to sign any papers or reports required under the regulations in this part. All changes of address and any termination of the authority of the operator shall be immediately reported, in writing, to the supervisor or his representative. In case of such termination or of controversy between the lessee and the designated operator, the operator, if in possession of the lease, will be required to protect the interests of the lessor.

§ 250.32 Local agent.

When required by the supervisor, the lessee shall designate a representative empowered to receive notices and comply with orders of the supervisor issued pursuant to the regulations in this part.

§ 250.33 Drilling and producing obligations.

(a) The lessee shall diligently drill and produce such wells as are necessary to

protect the lessor from loss by reason of production on other properties, or in lieu thereof, with the consent of the supervisor, shall pay a sum determined by the supervisor as adequate to compensate the lessor for failure to drill and produce any such well. In the event that the lease is not being maintained in force by other production of oil or gas in paying quantities or by other approved drilling or reworking operations, such payments shall be considered as the equivalent of production in paying quantities for all purposes of the lease.

(b) The lessee shall promptly drill and produce such other wells as the supervisor may reasonably require in order that the lease may be properly and timely developed and produced in accordance with good operating practices.

§ 250.34 Drilling and development programs.

(a) *Exploratory drilling plan.* Prior to commencing each exploratory drilling program on a lease, including the construction of platforms, the lessee shall submit a plan to the supervisor for approval. Each plan for the leased area shall include (1) a description of drilling vessels, platforms, or other structures showing the location, the design, and the major features thereof, including features pertaining to pollution prevention and control; (2) the general location of each well including surface and projected bottom hole location for directionally drilled wells; (3) structural interpretations based on available geological and geophysical data; and (4) such other pertinent data as the supervisor may prescribe.

(b) *Development plan.* Prior to commencing each development program on a lease, the lessee shall submit a plan to the supervisor for approval. The plan shall include all information specified in paragraph (a) of this section in detail.

(c) *Drilling applications.* Prior to commencing drilling operations either under an exploratory or development plan, the lessee shall submit an Application for Permit to Drill (Form 9-331C) to the supervisor for approval. The application shall include the integrated blowout prevention, mud, casing, and cementing program for the well, and shall meet the requirements specified in § 250.41(a), and contain the information specified in § 250.91(a), and shall conform with the approved exploratory or development plan.

(d) *Modifications.* The lessee shall submit: (1) All requests for modifications of an approved exploratory or development plan in writing to the supervisor for approval; and (2) all notices of changes to plans set forth in the approved Application for Permit to Drill on Sundry Notices and Reports on Wells (Form 9-331), except that these requirements shall not relieve the lessee from taking appropriate action to prevent or abate damage, waste, or pollution of any natural resouce or injury to life or property.

§ 250.35 Extension of leases by drilling or well reworking.

(a) The Secretary shall be deemed to have approved, within the meaning of section 8(b)(2) of the Outer Continental Shelf Lands Act, drilling or well reworking operations, conducted on the leased area in the following instances:

(1) If, after discovery of oil or gas in paying quantities has been made on the leasehold and within 90 days prior to expiration of the five-year term or any extension thereof, or thereafter, the production thereof shall cease at any time, or from time to time, from any cause and production is restored or drilling or well reworking operations are commenced within 90 days thereafter, and such drilling or well reworking operations (whether on the same or different wells) are prosecuted diligently until production is restored in paying quantities.

(2) If, within 90 days prior to expiration of the five-year term or any extension thereof, or thereafter, at any time, or from time to time, lessee is engaged in drilling or well reworking operations on the leasehold and there is no well on the leasehold capable of producing in paying quantities and the lessee diligently prosecutes such operations (whether on the same or different wells) with no cessation of more than 90 days.

(b) The Secretary may approve such other operations for drilling or reworking upon application of lessee.

(c) Nothing in this section obviates the necessity of obtaining the supervisor's

approval of a plan or notice of intention to drill or of complying with the other provisions of this part.

§ 250.36 Subsequent well operations.

Prior to commencing operations not previously approved, such as deepening, plugging-back, repairing (other than work incidental to ordinary well operations), acidizing or stimulating production by other methods, perforating, sidetracking, squeezing with mud or cement, abandoning, and any similar operation which will alter the condition of a well, the lessee shall submit an application or notice as specified in § 250.91 and 250.92 to the supervisor for approval. This requirement shall not relieve the lessee from taking appropriate action to prevent or abate damage or waste of any natural resource, or injury to life or property.

§ 250.37 Well designations.

The lessee shall mark promptly each drilling platform or structure in a conspicuous place, showing his name or the name of the operator, the serial number of the lease, the identification of the wells, and shall take all necessary means and precautions to preserve these markings.

§ 250.38 Well records.

(a) The lessee shall keep for each well at his field headquarters or at other locations conveniently available to the supervisor, accurate and complete records of all well operations including production, drilling, logging, directional well surveys, casing, perforating, safety devices, redrilling, deepening, repairing, cementing, alterations to casing, plugging, and abandoning. The records shall contain a description of any unusual malfunction, condition or problem; all the formations penetrated; the content and character of oil, gas, and other mineral deposits, and water in each formation; the kind, weight, size, grade, and setting depth of casing; and any other pertinent information.

(b) Upon request of the supervisor, the lessee shall immediately transmit copies of records of any of the well operations specified in paragraph (a) of this section; however, in any event the lessee shall, within 30 days after completion of any well, transmit to the supervisor copies of the records of all operations (except logging) in duplicate on or attached to Form 9-330, except that when operations are suspended the lessee shall transmit copies of the records of all operations conducted thereon to the supervisor within 30 days after the suspension; and within 30 days after the suspension or completion of any further operations, including those described in § 250.92, the lessee shall transmit to the supervisor copies of the records of such operations in duplicate on or attached to Form 9-330 or Form 9-331, as appropriate.

(c) Upon request by the supervisor, the lessee shall submit paleontological reports identifying microscopic fossils by depth (not the resulting interpretations based upon such identifications) unless washed well samples normally maintained by the lessee for paleontological determinations are made available to the supervisor for inspection.

(d) Upon request of the supervisor, the lessee shall immediately transmit copies (field or final prints of individual runs) of logs or charts of electrical, radioactive, sonic, and other well logging operations and directional well surveys. Composite logs of multiple runs and directional well surveys shall be transmitted to the supervisor in duplicate as soon as available, but not later than 30 days after completion of such operations for each well.

(e) Upon request of and in the manner and form prescribed by the supervisor, the lessee shall furnish copies of the daily drilling report and a plat showing the location, designation, and status of all wells on the leased lands.

(f) Upon request of the supervisor, the lessee shall furnish legible, exact copies of service company reports on cementing, perforating, acidizing, analyses of cores, or other similar services.

(g) The lessee shall submit any other reports and records of operations when required and in the manner and form prescribed by the supervisor.

§ 250.39 Samples, tests, and surveys.

(a) The lessee, when required by the supervisor, shall make adequate tests or surveys in an acceptable manner, without cost to the lessor, to determine the reservoir energy; the presence, quantity, and

quality of oil, gas, sulphur, other mineral deposits, or water; the amount and direction of deviation of any well from the vertical; or the formation, casing, tubing, or other pressures.

(b) The lessee shall take such formation samples or cores to determine the identity and character of any formation in accordance with reasonable requirements of the supervisor prescribed at the time of approval of the notice to drill or redrill any well.

§ 250.40 Directional survey.

(a) An angular deviation and directional survey shall be made of the finished hole of each well directionally drilled.

(b) The supervisor, at the request of an offset lessee made prior to completion of a well, may require a lessee of an adjoining lease to make or furnish a directional survey of any hole, at the risk and expense of the offset lessee making such request. A copy of such directional survey shall be furnished to the supervisor and the offset lessee. If it is determined that such well is closer to the line of the offset lease than one-half (½) the required distance from such line fixed by an approved spacing program or by special field rules, the risk and expense of making such directional survey shall be borne by the offending lessee; and, unless and until the hole is promptly straightened to correct the offense, the supervisor may reduce the allowable production from the well to prevent its draining unduly the offset leased area. Neither the imposition of any penalty or of the costs of such survey upon the offending lessee nor the reduction of the allowable production from the well is intended to prejudice any other remedy which the affected parties may have.

§ 250.41 Control of wells.

(a) *Drilling wells.* The lessee shall take all necessary precautions to keep all wells under control at all times, shall utilize only personnel trained and competent to drill and operate such wells, and shall utilize and maintain materials and high-pressure fittings and equipment necessary to insure the safety of operating conditions and procedures. The design of the integrated casing, cementing, drilling mud, and blowout prevention program, shall be based upon sound engineering principles, and must take into account the depths at which various fluid or mineral-bearing formations are expected to be penetrated, and the formation fracture gradients and pressures expected to be encountered, and other pertinent geologic and engineering data and information about the area.

(1) *Well casing and cementing.* The lessee shall case and cement all wells with a sufficient number of strings of casing in a manner necessary to: (i) Prevent release of fluids from any stratum through the well bore (directly or indirectly) into the sea; (ii) prevent communication between separate hydrocarbon-bearing strata (except such strata approved for commingling) and between hydrocarbon and water-bearing strata; (iii) prevent contamination of fresh water strata, gas, or water; (iv) support unconsolidated sediments; and (v) otherwise provide a means of control of the formation pressures and fluids. The lessee shall install casing necessary to withstand collapse, bursting, tensile, and other stresses and the casing shall be cemented in a manner which will anchor and support the casing. Safety factors in casing program design shall be of sufficient magnitude to provide optimum well control while drilling and to assure safe operations for the life of the well. When directed by the supervisor, the lessee shall install structural or drive casing to provide hole stability for the initial drilling operation. A conductor string of casing (the first string run other than any structural or drive casing) must be cemented with a volume of cement sufficient to circulate back to the sea floor; however, if authorized by OCS Order or the supervisor, cement may be washed out or displaced to a specified depth below the sea floor to facilitate casing removal upon well abandonment. All subsequent strings must be securely cemented.

(2) *Drilling mud.* The lessee shall maintain readily accessible for use quantities of mud sufficient to insure well control. The testing procedures, characteristics, and use of drilling mud and the conduct of related drilling procedures shall be such as are necessary to prevent blowouts. Mud testing equipment and mud volume measuring devices shall be maintained at all times, and mud tests shall be performed frequently and recorded on the driller's log as prescribed by the supervisor.

(3) *Blowout prevention equipment.* The lessee shall install, use, and test blowout preventers and related well-control equipment in a manner necessary to prevent blowouts. Such installation, use and testing must meet the standards or requirements prescribed by the supervisor; provided, however, in no event shall the lessee conduct drilling below the conductor string of casing until the installation of at lease one remotely controlled blowout preventer and equipment for circulating drilling fluid to the drilling structure or vessel. Blowout preventers and related well-control equipment shall be pressure tested when installed, after each string of casing is cemented, and at such other times as prescribed by the supervisor. Blowout preventers shall be activated frequently to test for proper functioning as prescribed by the supervisor. All blowout-preventer tools shall be recorded on the driller's log.

(b) *Completed wells.* In the conduct of all its operations, the lessee shall take all steps necessary to prevent blowouts, and the lessee shall immediately take whatever action is required to bring under control any well over which control has been lost. The lessee shall: (1) In wells capable of flowing oil or gas, when required by the supervisor, install and maintain in operating condition storm chokes or similar subsurface safety devices; (2) for producing wells not capable of flowing oil or gas, install and maintain surface safety valves with automatic shutdown controls; and (3) periodically test or inspect such devices or equipment as prescribed by the supervisor.

§ 250.42 Emulsion and dehydration.

(a) The lessee shall complete and maintain all oil wells in such mechanical condition and operate them in such manner as to prevent, so far as possible, the formation of emulsion and basic sediment.

(b) The lessee shall put in marketable condition, if commercially feasible, all products produced from the leased land and pay royalty thereon without recourse to the lessor for deductions on account of costs of treatment.

§ 250.43 Pollution and waste disposal.

(a) The lessee shall not pollute land or water or damage the aquatic life of the sea or allow extraneous matter to enter and damage any mineral- or water-bearing formation. The lessee shall dispose of all liquid and nonliquid waste materials as prescribed by the supervisor. All spills or leakage of oil or waste materials shall be recorded by the lessee and, upon request of the supervisor, shall be reported to him. All spills or leakage of a substantial size or quantity, as defined by the supervisor, and those of any size or quantity which cannot be immediately controlled also shall be reported by the lessee without delay to the supervisor and to the Coast Guard and the Regional Director of the Federal Water Pollution Control Administration. All spills or leakage of oil or waste materials of a size or quantity specified by the designee under the pollution contingency plan shall also be reported by the lessee without delay to such designee.

(b) If the waters of the sea are polluted by the drilling or production operations conducted by or on behalf of the lessee, and such pollution damages or threatens to damage aquatic life, wildlife, or public or private property, the control and total removal of the pollutant, wheresoever found, proximately resulting therefrom shall be at the expense of the lessee. Upon failure of the lessee to control and remove the pollutant the supervisor, in cooperation with other appropriate agencies of the Federal, State and local governments, or in cooperation with the lessee, or both, shall have the right to accomplish the control and removal of the pollutant in accordance with any established contingency plan for combating oil spills or by other means at the cost of the lessee. Such action shall not relieve the lessee of any responsibility as provided herein.

(c) The lessee's liability to third parties, other than for cleaning up the pollutant in accordance with paragraph (b) of this section shall be governed by applicable law.

§ 250.44 Well abandonment.

The lessee shall promptly plug and abandon any well on the leased land that is not used or useful, but no productive well shall be abandoned until its lack of capacity for further profitable production of oil, gas, or sulphur has been demonstrated to the satisfaction of the supervisor. Before abandoning a producible

well, the lessee shall submit to the supervisor a statement of reasons for abandonment and his detailed plans for carrying on the necessary work. A producible well may be abandoned only after receipt of written approval by the supervisor. No well shall be plugged and abandoned until the manner and method of plugging shall be approved or prescribed by the supervisor. Equipment shall be removed, and premises at the well-site shall be properly conditioned immediately after plugging operations are completed on any well when directed by the supervisor. Drilling equipment shall not be removed from any suspended drilling well without taking adequate measures to protect the natural resources.

§ 250.45 Accidents, fires, and malfunctions.

In the conduct of all its operations, the lessee shall take all steps necessary to prevent accidents and fires, and the lessee shall immediately notify the supervisor of all serious accidents and all fires on the lease, and shall submit in writing a full report thereon within 10 days. The lessee shall notify the supervisor within 24 hours of any other unusual condition, problem, or malfunction.

§ 250.46 Workmanlike operations.

The lessee shall perform all operations in a safe and workmanlike manner and shall maintain equipment for the protection of the lease and its improvements, for the health and safety of all persons, and for the preservation and conservation of the property and the environment. The lessee shall take all necessary precautions to prevent and shall immediately remove any hazardous oil and gas accumulations or other health, safety or fire hazards.

§ 250.47 Sales contracts.

The lessee shall file with the supervisor within 30 days after the effective date thereof copies of all contracts for the disposal of lease products. Nothing in any such contract shall be construed or accepted as modifying any of the provisions of the lease, including provisions relating to gas waste, taking royalty in kind, and the method of computing royalties due as based on a minimum valuation and in accordance with the regulations applicable to the lands covered by the contract.

§ 250.48 Division orders.

The lessee shall file with the supervisor within 30 days after the effective date thereof copies of division orders or other instruments granting to transportation agencies or purchasers authority to receive products from leased lands. The supervisor may, upon request, approve such orders or other instruments subject to such conditions as he shall prescribe.

§ 250.49 Royalty and rental payments.

The lessee shall pay all rentals when due and shall pay in value or deliver in production all royalties in the amounts determined by the supervisor as due under the terms of the lease. Payments of rentals and royalties in value shall be by check or draft on a solvent bank, or by money order, drawn to the order of the United States Geological Survey.

§ 250.50 Unit plans, pooling, and drilling agreements.

Section 5(a)(1) of the act authorizes the Secretary in the interest of conservation to provide for unitization, pooling and drilling agreements. Such agreements may be initiated by lessees or where in the interest of conservation they are deemed necessary they may be required by the Director.

§ 250.51 Application for approval of unit plan.

The procedure for obtaining the approval of a unit plan of development is contained in 30 CFR Part 226. "Unit or Cooperative Agreements." All applications to unitize and all documents incident thereto shall be filed in the office of the oil and gas supervisor, Geological Survey, for the region in which the unit is situated.

§ 250.52 Pooling or drilling agreements.

(a) With the approval of the supervisor, pooling or drilling agreements may be made between lessees for the purposes of (1) utilizing a common drilling platform to develop adjacent or adjoining leases; (2) permitting operators or pipeline companies to enter into contracts involving a

number of leases sufficient to justify operations on a large scale for the discovery, development, production or transportation of oil and gas, sulphur, or other minerals and to finance the same; or (3) for other purposes in the interest of conservation.

(b) A contract submitted for approval under these provisions should be filed with the oil and gas supervisor, together with enough copies to permit retention of 5 copies by the Department after approval. Complete details must be furnished in order that the supervisor may have facts upon which to make a definite determination and prescribe the conditions on which the contract is approved.

§ 250.53 Subsurface storage of oil or gas.

(a) In order to avoid waste or to promote conservation of natural resources, and when it can be shown that no undue interference with operations under existing leases will result, the Director, upon application by the interested parties, may authorize the subsurface storage of oil or gas in the lands of the Outer Continental Shelf, whether or not produced from the Outer Continental Shelf. Such authorization will provide for the payment of such storage fee or rental on the stored oil or gas as may be determined adequate in each case, or, in lieu thereof, for a royalty other than that prescribed in any lease of the area involved when such stored oil or gas is produced in conjunction with oil or gas not previously produced. Any lease of an area used for the storage of oil or gas shall not be deemed to expire during the period of such storage and so long thereafter as oil or gas not previously produced in paying quantities, or drilling or well reworking operations as approved by the Secretary are conducted thereon.

(b) Applications for subsurface storage shall be filed in triplicate with the oil and gas supervisor and shall disclose the ownership of the lands or interests in the lands involved, the parties in interest, including lessees of other mineral interests, the storage fee, rental, or royalty offered to be paid for such storage and all essential information showing the necessity for such storage. Enough copies of the final agreement signed by the parties in interest shall be submitted for the approval of the Director to permit retention of 5 copies by the Department after approval.

MEASUREMENT OF PRODUCTION AND COMPUTATION OF ROYALTIES

§ 250.60 Measurement of oil.

The lessee shall gage and measure all production in accordance with methods approved by the supervisor. The lessee shall provide tanks suitable for measuring accurately the crude oil produced from the lease (exact copies of 100 percent capacity tank tables to be furnished to the supervisor) or may arrange with the supervisor for other acceptable methods of measuring, storing, and recording production. The quantity and quality of all production shall be determined in accordance with the standard practices, procedures, and specifications generally used by the industry.

§ 250.61 Measurement of gas.

The lessee shall measure all gas production in accordance with methods approved by the supervisor, and the measured volumes shall be adjusted to the standard pressure base of 10 ounces above the atmospheric pressure of 14.4 pounds per square inch, a standard temperature of 60° Fahrenheit, and for deviation from Boyle's law. If gas is being disposed of at a different pressure base, the supervisor may require that gas volumes be adjusted to conform to such base.

§ 250.62 Determination of content of gas.

The content of gas delivered to an extraction plant treating gas from the lease shall be determined periodically by field tests, as required by the supervisor, to be made at the place and by the methods approved by him and under his supervision.

§ 250.63 Quantity basic for substances extracted from gas.

(a) The primary quantity basis for computing monthly royalties on casing-head or natural gasoline, butane, propane, or other substances (hereinafter called substances in this section) extracted from gas is the monthly net output of the plant at

which the substances are manufactured, "net output" being defined as the quantity of each substance that the plant produces for sale.

(b) If the net output of a plant is derived from the gas obtained from only one lease, the quantity of substances on which computations of royalty for the lease is based is the net output of the plant.

(c) If the net plant output of a substance is derived from gas obtained from several leases producing gas of uniform content of such substance, the proportion of net output of the substance allocable to each lease as a basis for computing royalty will be determined by dividing the amount of gas delivered to the plant from each lease by the total amount of gas delivered from all leases.

(d) If the net plant output of a substance is derived from gas obtained from several leases producing gas of diverse content of such substance, the proportion of net output of the substance allocable to each lease as a basis for computing royalty will be determined by multiplying the amount of gas delivered to the plant from the lease by the substance content of the gas and dividing the arithmetical product thus obtained by the sum of the similiar arithmetical products separately obtained for all leases from which gas is delivered to the plant.

§ 250.64 Value basis for computing royalties.

The value of production, for the purpose of computing royalty, shall be the estimated reasonable value of the product as determined by the supervisor, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field or area, to the price received by the lessee, to posted prices, and to other relevant matters. Under no circumstances shall the value of production of any of said substances for the purposes of computing royalty be deemed to be less than the gross proceeds accruing to the lessee from the sale thereof or less than the value computed on such reasonable unit value as shall have been determined by the Secretary. In the absence of good reason to the contrary, value computed on the basis of the highest price paid or offered at the time of production in a fair and open market for the major portion of like-quality products produced and sold from the field or area where the leased lands are situated will be considered to be a reasonable value.

§ 250.65 Royalty on oil.

(a) The royalty on crude oil, including condensates separated from gas without the necessity of a manufacturing process, shall be the percentage of the value or amount of the crude oil produced from the leased lands established by law, regulation, or the provisions of the lease. No deduction shall be made for actual or theoretical transportation losses.

(b) Royalty shall be based on production removed from the lease except that, when conditions so warrant, the supervisor may require such royalty to be based on actual monthly production. Evidence of all shipments shall be filed with the supervisor within five days (or such longer period as the supervisor may approve) after the oil has been run by pipeline or by other means of transportation. Such evidence shall be signed by representatives of the lessee and of the purchaser or the transporter who have witnessed the measurements reported, and the determinations of gravity, temperature, and the percentage of impurities contained in the oil shall be shown.

§ 250.66 Royalty on unprocessed gas.

If gas, either gas-well gas or casinghead gas, is sold without processing for the recovery of constituent products, the royalty thereon shall be the percentage established by the terms of the lease of the value or amount of the gas produced.

§ 250.67 Royalty on processed gas and constituent products.

(a) If gas is processed for the recovery of constituent products, a royalty as provided in the lease will accrue on the value or amount of:

(1) All residue gas remaining after processing; and

(2) All natural gasoline, butane, propane, or other products extracted therefrom, subject to deduction of such portion thereof as the supervisor determines to be a reasonable allowance for the cost of processing based upon regional plant

practices and costs and other pertinent factors; provided, however, that such reasonable allowance shall not exceed two-thirds of the products extracted unless the Director determines that a greater allowance is in the interest of conservation.

(b) Under no circumstances shall the amount of royalty on the residue gas and extracted products be less than the amount which the supervisor determines would be payable if the gas had been sold without processing.

(c) In determining the value of natural gasoline, the volume of such gasoline shall be adjusted to a standard by a method approved by the supervisor when necessary to adjust volumetric differences between natural gasolines of various specifications.

(d) No allowance shall be made for boosting residue gas or other expenses incidental to marketing.

(e) The lessee, with the approval of the supervisor, may establish a gross value per unit of 1,000 cubic feet of gas on the lease or at the wellhead for the purpose of computing royalty on gas processed for the recovery of constituent products, provided that the royalty shall not be less than that which would accrue by computing royalties in accordance with the provisions of paragraphs (a) through (d) of this section.

§ 250.68 Commingling production.

Subject to such conditions as he may prescribe for measurement and allocation of production, the supervisor may authorize the lessee to move production from the lease to a central point for purposes of treating, measuring, and storing, and in moving such production, the lessee may commingle the production from different wells, leases, pools, and fields, and with production of other operators. The central point may be on shore or at any other convenient place selected by lessee.

§ 250.69 Measurement of sulphur.

The measurement of sulphur for the purpose of computing royalty shall be on such basis and shall conform to such standards as the supervisor may approve.

PROCEDURE IN CASE OF DEFAULT BY LESSEE

§ 250.80 Default.

Whenever the owner of a lease fails to comply with the provisions of the regulations in this part, the supervisor is authorized to give 30-day notice of such default by registered letter to the lessee at his record post office address as provided in section 5(b)(1) of the act and to recommend to the Secretary, through the Director, lease cancellation pursuant to section 5(b)(1) and (2) of the act, appropriate action under the penalty provisions of section 5(a)(2) of the act, or the exercise of such other legal or equitable remedy as the lessor may have.

§ 250.81 Appeals.

(a) An appeal from any order issued under authority of the regulations in this part may be filed as set forth in this section. Compliance with any such order shall not be suspended by reason of an appeal having been taken unless such suspension is authorized in writing by the Director or the Secretary (dependent upon the officer with whom the appeal is pending) and then only upon a determination that such suspension will not be detrimental to the lessor or upon the submission and acceptance of a bond deemed adequate to indemnify the lessor from loss or damage.

(b) An appeal to the Director may be taken from any order of the supervisor by filing such appeal with the latter officer within 20 days after service of the order. The appeal shall incorporate or be accompanied by such written showing and argument on the facts and law as the appellant may deem adequate to justify reversal or modification of the order. All statements of fact must be made under oath.

(c) The supervisor shall transmit the appeal and accompanying papers to the Director with a full report and recommendations in the premises, and that official shall review the record and render such a decision in the case as he deems proper.

(d) An appeal from any decision of the Director may be taken to the Secretary within 30 days after service of the Director's decision. The appeal shall be accompanied by such written showing and

argument on the facts and law as appellant may deem adequate to justify reversal or modification of the decision. Any statements of fact not submitted to the Director must be made under oath.

(e) Oral argument in any case pending before the supervisor, the Director, or the Secretary will be allowed on motion in the discretion of such officer and at a time to be fixed by him.

§ 250.82 Judicial review.

Nothing contained in this part shall be construed to prevent any interested party from seeking judicial review as authorized by law.

REPORTS TO BE MADE BY ALL LESSEES (Including Operators)

§ 250.90 General requirements.

Information required to be submitted in accordance with the regulations in this part shall be furnished in the manner and form prescribed in the regulations in this part or as directed by the supervisor. Copies of forms can be obtained from the supervisor and must be filled out completely and filed punctually with that official.

§ 250.91 Application for permit to drill deepen, or plug back.

Applications for permits to drill, deepen, or plug back must be filed in triplicate on Form 9-331C. Prior to commencing such operations approval in writing must be received from the supervisor.

(a) *Application for permit to drill.*

(1) The application must give the surface location and projected bottom-hole location in feet from the lease boundaries; elevation of the derrick floor; water depth; depth to which the well is proposed to be drilled; estimated depths to the top of significant markers; depths at which water, oil, gas, and mineral deposits are expected; the proposed blowout prevention and casing program, including the size, weight, grade, and setting depth of casing, and the quantity of cement to be used, together with all other information specified on Form 9-331C. Information also shall be furnished relative to the proposed plan for drilling other wells from the same platform, for coring at specified depths, and for electrical and other logging, together with any other information required by the supervisor.

(2) At least two copies of the application shall be accompanied by: (i) A certified plat drawn to a scale of 2,000 feet to the inch, showing surface and subsurface location of the well to be drilled and all wells theretofore drilled in the vicinity for which information is available, and (ii) information specified in § 250.34 to the extent not included in the application or previously furnished (reference must be made thereto).

(b) *Application for permit to deepen or plug back.* The application must describe fully: (1) The present status of the well including the production string or last string of casing, well depth, present productive zones and productive capability, and other pertinent matters; and (2) the details of the proposed work and the necessity therefor.

§ 250.92 Sundry notices and reports on wells.

All notices of intention to fracture treat, acidize, repair, multiple complete, abandon, change plans, and for other similar purposes, and all subsequent reports pertaining to such operations shall be submitted on Form 9-331 in triplicate in accordance with § 250.38(b). Prior to commencing such operations approval must be received from the supervisor in writing.

(a) *Notice of intention to change the condition of a well.* Form 9-331 shall contain a detailed statement of the proposed work for repairing (other than work incidental to ordinary well operation), acidizing or stimulating production by other methods, perforating, sidetracking, squeezing with mud or cement, or commencing any operations that will materially change the approved program for drilling a well or alter the condition of a completed well other than those operations covered by § 250.91.

(b) *Subsequent report of changing the condition of a well.* Form 9-331 shall contain a detailed report of all work done and the results obtained. The report shall set forth the amount and rate of production of oil, gas, and water before and after the work was completed and shall include a

complete statement of the dates on which the work was accomplished and the methods employed.

(c) *Notice of intention to abandon well.* Form 9-331 shall contain a detailed statement of the proposed work for abandonment of any well, including a drilling well, a depleted producing well, an injection well, or a dry hole. The statement as to a producible well shall set forth the reasons for abandonment and the amount and date of last production and, as to all wells, shall describe the proposed work, including kind, location, and length of plugs (by depths), and plans for mudding, cementing, shooting, testing, removing casting, and other pertinent information.

(d) *Subsequent report of abandonment.* Form 9-331 shall contain a detailed report of the manner in which the abandonment or plugging work was accomplished, including the nature and quantities of materials used in plugging and the location and extent (by depths) of casing left in the well; and the volume of mud fluid used. If an attempt was made to part any casing, a description of the methods used and results obtained must be included.

§ 250.93 Monthly report of operations.

A separate report of operations for each lease must be made on Form 9-152 for each calendar month, beginning with the month in which drilling operations are initiated, and must be filed in duplicate with the supervisor on or before the 20th day of the succeeding month, unless an extension of time for the filing of such report is granted by the supervisor. The report on this form shall disclose accurately all operations conducted on each well during each month, the status of operations on the last day of the month, and a general summary of the status of operations on the leased lands, and the report must be submitted each month until the lease is terminated or until omission of the report is authorized by the supervisor. It is particularly necessary that the report shall show for each calendar month:

(a) Each well listed separately by number and its location shown if possible.

(b) The number of days each well produced, whether oil or gas, and the number of days each input well was in operation.

(c) The quantity of oil, gas, and water produced; the total amount of gasoline and other lease products recovered; and other required information. When oil and gas, or oil, gas, and gasoline, or other hydrocarbons are concurrently produced from the same lease, separate reports on this form should be submitted for oil and gas and gasoline, unless otherwise authorized or directed by the supervisor.

(d) The depth of each active or suspended well; the name, character, and depth of each formation drilled during the month; the date each such depth was reached; the date and reason for every shutdown; the names and depths of important formation changes and contents of formations; the amount and size of any casing run since last report; the dates and results of any tests such as production, water shutoff, or gasoline content; and any other noteworthy information on operations not specifically provided for in the form.

(e) If no runs or sales were made during the calendar month, the report must so state.

§ 250.94 Statement of oil and gas runs and royalties.

When directed by the supervisor, a monthly report shall be made by the lessee in duplicate, on Form 9-153, showing each run of oil; all sales of gas, gasoline, and other lease products; and the royalty accruing therefrom to the lessor.

§ 250.95 Well completion or recompletion report and log.

All reports and logs of well completions or recompletions shall be submitted on or attached to Form 9-330 in duplicate in accordance with § 250.38(b). The form shall contain a complete and accurate log and report of all operations conducted on the well as specified on the form. Duplicate copies of logs that may have been compiled for geologic information from cores or formation samples shall be filed in addition to the regular log. Geologic markers and all important zones of porosity and contents thereof; cored intervals; and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries shall be shown as provided therefor on Form 9-330 or on attachments thereto. If not previously furnished, duplicate copies of composites of multiple runs

58-160 O - 71 - pt. 1 --19

of all well bore surveys, including electric, radioactive, sonic and other logs, temperature surveys, and directional surveys shall be attached. (Such copies are in addition to field prints filed pursuant to § 250.38(d).)

§ 250.96 Special forms or reports.

When special forms or reports other than those referred to in the regulations in this part may be necessary, instructions for the filing of such forms or reports will be given by the supervisor.

§ 250.97 Public inspection of records.

Geological and geophysical interpretations, maps, and data required to be submitted under this part shall not be available for public inspection without the consent of the lessee so long as the lease remains in effect or until such time as the supervisor determines that release of such information is required and necessary for the proper development of the field or area.

MINERAL LEASES AFFECTED BY SECTION 6 OF OUTER CONTINENTAL SHELF LANDS ACT

§ 250.100 Effect of regulations on provisions of lease.

(a) As contemplated by section 6(b) of the act, the regulations in this part will supersede the provisions of any lease which is determined to meet the requirements of section 6(a) of the act, to the extent that they cover the same subject matter, with the following exceptions: The provisions of a lease with respect to the area covered by the lease, the minerals covered by the lease, the rentals payable under the lease, the royalties payable under the lease (subject to the provisions of sections 6(a)(8) and 6(a)(9) of the act), and the term of the lease (subject to the provisions of section 6(a)(10) of the act and, as to sulphur, subject to the provisions of section 6(b)(2) of the act) shall continue in effect and, in the event of any conflict or inconsistency, shall take precedence over the regulations in this part.

(b) A lease that meets the requirements of section 6(a) of the act shall also be subject to the mineral leasing regulations applicable to the Outer Continental Shelf, as well as the regulations relating to geophysical and geological exploratory operations and to pipeline rights-of-way in the Outer Continental Shelf, to the extent that those regulations are not contrary to or inconsistent with the provisions of the lease relating to the area covered, the minerals covered, the rentals payable, the royalties payable, and the terms of the lease.

NOTE: The record keeping or reporting requirements of this part have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

REDESIGNATION & REORGANIZATION

OF

REGULATIONS PERTAINING TO

PIPE LINES

ON THE

OUTER CONTINENTAL SHELF

as contained in

TITLE 43 of the CODE of

FEDERAL REGULATIONS

This is an unofficial reproduction prepared by the New Orleans Office Bureau of Land Management of a portion of Vol. 35, No. 115, *Federal Register* Saturday, June 13, 1970.

No substantive changes were intended in this Redesignation and Reorganization.

REDESIGNATION TABLE

Old	New
2234.5-3(a)	2883.0-3
2234.5-3(b) (1), (2), (3)	2800.0-5 (a), (b), and (d)
2234.5-3(b)(4)	2883.0-5
2234.5-3(c)(1)(i)	2883.2-1(a)
2234.5-3(c)(1)(ii) (a) to (e)	2883.2-1(b) (1) to (5)
2234.5-3(c)(2), (i), (ii), (iii)	2883.2-1(c) (1), (2), (3)
2234.5-3(c)(3)	2883.2-1(d)
2234.5-3(c)(4) (i) to (vi)	2883.1(a) (1) to (6)
2234.5-3(d)	2883.2-2
2234.5-3(e)	2883.1(c)
2234.5-3(f) (1), (2)	2883.2-3 (a), (b)
2234.5-3(g)	2883.2-4
2234.5-3(h)	2883.1(b)

Subpart 2883—For Pipe Lines on the Outer Continental Shelf (Act of August 7, 1953)

§ 2883.0-3 Authority.

Section 5(c) of the Outer Continental Shelf Lands Act of August 7, 1953 (67 Stat. 464), authorizes the Secretary of the Interior to grant rights-of-way for pipeline purposes for the transportation of oil and gas. The purpose of the regulations in this part is to set forth the rules governing the granting and administration of such rights-of-way. The inclusion of this part in this title shall not be construed as an interpretation that the laws and regulations pertaining to public lands or to rights-of-way thereon are applicable to the submerged lands of the Outer Continental Shelf.

Compliance with the regulations of this part does not obviate the necessity of compliance with requirements and regulations of the Department of the Army and the Coast Guard with respect to prevention of obstruction to navigation, lights, and warning devices, and other matters relating to safety of life and property, as authorized by section 4 of the act.

§ 2883.0-5 Definitions.

"Right-of-way" includes the site on which the pipe line and associated structures are situated which shall not exceed 200 feet in width for pipe lines and be limited to the area reasonably necessary for pumping stations or other accessory structures. It does not include gathering lines and associated structures constructed for the purpose of conveying production for gathering storage, or treating of the production from a lease or leases. The construction of gathering lines may be approved by the Oil and Gas Supervisor in accordance with the provisions of 30 CFR 250.18 and 250.68.

§ 2883.1 Nature of grant.

(a) *Terms and conditions.* An applicant by accepting a right-of-way grant, agrees and consents to comply with and be bound by the following terms and conditions, accepting those which the Secretary may waive in a particular case:

(1) To comply with all existing regulations and with all existing and future regulations which the Secretary determines to be necessary and proper in order to provide for the prevention of waste and conservation of the natural resources of the Outer Continental Shelf and the protection of correlative rights therein.

(2) To pay the United States or its lessees or right-of-way holders, as the case may be, the full value for all damages to the property of the United States or its said lessees or right-of-way holders, and to indemnify the United States against any and all liability for damages to life, person, or property arising from the occupation and use of the area covered by the right-of-way.

(3) To keep the Director informed at all times of his address, and, if a corporation, of the address of its principal place of business and the name and address of the officer or agent authorized to receive service of notice. That in the construction, operation, and maintenance of the project, he shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin and shall require an identical provision in all subcontracts.

(4) That the allowance of the right-of-way shall be subject to the express condition that the rights granted will not prevent or interfere in any way with the management, administration of, or the granting either prior or subsequent to the right-of-way grant of other rights by the United States or its lessees or other right-of-way holders of any part of the right-of-way not actually occupied or necessarily

incident to its use for any necessary operations involved in such management, administration or the enjoyment of such other granted rights.

(5) To pay for the first calendar year or fraction thereof, and thereafter annually in advance an annual rental of $5 for each mile or fraction thereof traversed by the right-of-way and $50 for each area applied for as the site for a pumping station or other accessory to the right-of-way. Payments required herein may be annual, for a 5-year period or for multiples of such period.

(6) That upon revocation or termination of the right-of-way, unless the requirement is waived in writing by the Manager, he shall, so far as reasonably possible, restore the area of the right-of-way to its original condition.

(b) *Penalty for failure to comply.* As provided in the act, failure to comply with the act, regulations or any conditions prescribed by the Secretary as to the application therefor and the survey, location and width thereof and upon the express condition that such oil or gas pipe lines shall transport or purchase without discrimination, oil or natural gas produced from said submerged lands in the vicinity of the pipe line in such proportionate amounts as the Federal Power Commission, in the case of gas, and the Interstate Commerce Commission, in the case of oil, may, after a full hearing with due notice thereof to the interested parties, determine to be reasonable, taking into account, among other things conservation and the prevention of waste, be grounds for forfeiture of the grant in an appropriate, judicial proceeding instituted by the United States in any United States District Court having jurisdiction under the provisions of section 4(b) of the act. Upon relinquishment of any right-of-way or forfeiture of the grant, the right-of-way owner will be required to remove his improvements within one year from the effective date of such relinquishment or forfeiture unless otherwise provided by law or in the decree of forfeiture.

(c) *Term of grant.* Any right-of-way granted hereunder shall be for so long as the pipe line is maintained and used for the purpose for which the grant was made, unless otherwise expressly stated in the grant. Cessation of use temporarily shall not terminate the grant, but if the purpose of the grant ceases to exist or use of the pipe line is permanently discontinued for any reason the grant shall be subject to forfeiture.

§ 2883.2 Procedures.

§ 2883.2-1 Applications.

(a) *Form and content.* No special form of application is required. The application should be filed in duplicate and should be in typewritten form or legible handwriting. It must specify that it is made pursuant to the act and these regulations and that applicant agrees that the right-of-way if approved will be subject to the terms and conditions of the regulations in this part. It should also state the primary purpose for which the right-of-way is to be used. The application must be filed in duplicate at the office of the Manager. If the right-of-way has been utilized prior to the time the application is made, the application must state the date such utilization commenced and by whom, and the date applicant obtained control of the improvements. A filing fee of $10 and the rental required herein under subparagraph 2883.3(a)(5), must accompany the application.

(b) *Map showing survey.* Each copy of the application must be accompanied by a map, showing the center line of the right-of-way, properly identified so that the right-of-way may be accurately located by a competent engineer. The map should comply with the following requirements:

(1) The scale shall be at least 1:160,000.

(2) Courses and distances of the center line of the right-of-way shall be given either on the margin of the map or on an attached sheet or sheets with the courses referred to the true or grid meridian, either by deflection from a line of known bearing or by independent observation and calculated distances in feet and decimals.

(3) The total distance and width of the right-of-way shall be given, and the diameter of the pipe line specified.

(4) The initial and terminal points of the right-of-way shall be accurately located by latitude and longitude or by grid references.

(5) Each copy of the map shall bear upon its face a statement of the engineer who made the map that the right-of-way is accurately represented upon the map.

(c) *Persons qualified to acquire and hold rights-of-way.* (1) Applications may be filed by citizens of the United States, associations of such citizens, and by corporations organized under the laws of the United States or of any State or Territory thereof.

(2) An individual and each member of an association applying for a right-of-way must state in the application whether he is a native-born or naturalized citizen of the United States.

(3)(i) A private corporation must file a certified copy of its charter or articles of incorporation.

(ii) A corporation other than a private one must file a copy of the law under which it was organized and proof of its organization.

(iii) A copy of the resolution or bylaws of the corporation authorizing the filing of the application or a certificate of the Secretary or an assistant Secretary of the corporation under the corporate seal certifying that the officer executing the application has authority to do so, must be filed. If the application is filed by an attorney-in-fact a certified copy of the resolution of the Board of Directors authorizing his appointment and an executed copy of the power of attorney must be filed.

(iv) If the corporation has previously filed any or all of the papers required in (1), (2), and (3) of this paragraph specific reference to such filing giving date, place, and case number will be accepted as full compliance with such requirements.

(d) *Consent of or notice to lessee or right-of-way holder of area crossed or invaded by right-of-way.* An applicant must show the extent to which the right-of-way applied for invades or crosses mineral leases or rights-of-way other than his own and must submit with his application either the written consent of each lessee or right-of-way holder whose lease or right-of-way is so affected or a statement that he has delivered to each lessee or right-of-way holder whose lease or right-of-way is so affected personally or by registered or certified mail a copy of the application and map. If the statement is filed no final action will be taken on the right-of-way application until 15 days have elapsed after the date of service of such papers, in order to afford the parties concerned ample opportunity to file protests against granting of the right-of-way.

§ 2883.2-2 Approval of right-of way.

If the application and other required information are found to be in compliance with the law and regulations and the consents required by paragraph 2883.2-1(c) of this section have been obtained or any protests filed as therein provided have been rejected, the right-of-way will be granted. If the right-of-way as applied for would cross any area withdrawn from disposal or restricted from exploration and operation it will be rejected unless the Federal agency in charge of withdrawn or restricted area shall give its consent to the granting of the right-of-way, but in such case the applicant upon request filed within 30 days after receipt of the rejection notice will be allowed an opportunity to file an amended application rerouting the proposed right-of-way so as to eliminate the conflict.

§ 2883.2-3 Construction.

(a) *Proof of construction.* Failure to construct the pipe line within 5 years from the date of the grant shall be deemed to be an abandonment of the grant which will be forfeited by an appropriate proceeding. Proof of construction shall be submitted to the Manager. Such proof shall consist of a statement by the holder of the right-of-way that the pipe line has been laid and is in operation. If there is any deviation from the right-of-way as shown on the original map, the unused portion of the grant must be relinquished and maps in duplicate of the location of the right-of-way as constructed, prepared in accordance with section 2883.2-1 of this subpart must be furnished as soon as possible after the deviation is determined to be necessary or advisable. Any deviation made prior to approval of such supplemental plat will be at the risk of the right-of-way holder.

(b) *Advance permission to commence construction.* Upon a satisfactory showing of the need therefor, the Director may grant permission to commence construction of a pipe line in advance of any

grant of the right-of-way but such permission is not a commitment that the right-of-way will be approved and all work done thereunder prior to the granting of the right-of-way will be at the applicant's risk. No advance permission will be granted for an area or areas not subject to a right-of-way grant.

§ 2883.2-4 Assignment of right-of-way.

Assignment may be made of a right-of-way in whole or as to any lineal segment thereof after construction subject to the approval of the Manager. Any such assignment must be filed in duplicate accompanied by an application for approval in which the assignee must make the showing required by §2883.2-1(c) and agree to the terms and conditions prescribed in §2883.1(a). No assignment shall be effective to transfer any rights until it is approved. A fee of $10 must accompany the application for the approval of an assignment.

REDESIGNATION & REORGANIZATION

OF

REGULATIONS PERTAINING TO

MINERAL LEASING

ON THE

OUTER CONTINENTAL SHELF

as contained in

TITLE 43 of the CODE of

FEDERAL REGULATIONS

This is an unofficial reproduction prepared by the New Orleans Office Bureau of Land Management of a portion of Vol. 35, No. 115, *Federal Register* Saturday, June 13, 1970.

No substantive changes were intended in this Redesignation and Reorganization.

REDESIGNATION TABLE

Old	New
3380.0-3	3300.0-3
3380.0-4	3300.0-4
3380.1	3300.1
3380.3	3300.3
3380.4	3300.4
3381.1	3301.1
3381.2	3301.2
3381.3	3301.3
3381.4	3301.4
3381.5	3301.5
3381.6	3301.6
3382.1	3302.1
3382.2	3302.2
3382.4	3302.4
3382.5	3302.5
3382.6	3302.6
3382.7	3302.7
3383.1	3303.1
3383.2	3303.2
3383.3	3303.3
3383.5	3303.5
3384.1	3304.1
3384.2	3304.2
3385.1	3305.1
3385.2	3305.2
3385.3	3305.3
3385.4	3305.4
3385a.1	3305a.1
3385a.2	3305a.2
3385a.3	3305a.3
3385a.4	3305a.4
3386.1	3306.1
3386.2	3306.2
3387.1	3307.1
3387.2	3307.2
3387.3-1	3307.3-1
3387.3-2	3307.3-2
3387.3-3	3307.3-3
3387.3-4	3307.3-4
3387.3-5	3307.3-5
3387.3-6	3307.3-6
3387.4-1	3307.4-1
3387.4-2	3307.4-2
3387.4-3	3307.4-3
3387.4-4	3307.4-4
3387.4-5	3307.4-5
3387.5	3307.5
3387.6	3307.6

Group 3300 — Outer Continental Shelf Leasing

PART 3300—OUTER CONTINENTAL SHELF LEASING; GENERAL

Subpart 3300—Outer Continental Shelf Mineral Deposits; General

Sec.

3300.0-3 Purpose and authority.
3300.0-4 Applicability of public land laws.
3300.1 Persons qualified to hold leases.
3300.3 Helium.
3300.4 Payments of filing charges, bonuses, rentals and royalties.

Subpart 3301—Leasing Areas

3301.1 Leasing maps.
3301.2 Resources evaluation.
3301.3 Nominations of tracts.
3301.4 Selection of tracts.
3301.5 Notice of lease offer.
3301.6 Tracts subject to drainage.

Subpart 3302—Issuance of Leases

3302.1 General.
3302.2 Term.
3302.4 What must accompany any bids.
3302.5 Award of lease.
3302.6 Form.
3302.7 Dating of leases.

Subpart 3303—Rentals and Royalties

3303.1 Rentals.
3303.2 Royalties.
3303.3 Minimum royalty.
3303.5 Effect of suspensions on royalty and rental.

Subpart 3304—Bonds

3304.1 Amount of bond required of lessee.
3304.2 Form of bond.

Subpart 3305—Assignments or Transfers

3305.1 Assignment of leases or interests therein.
3305.2 Requirements for filing of transfers.
3305.3 Separate assignments required for transfer of record title to leases.
3305.4 Effect of assignment of particular tract.

Subpart 3305a—Extension of Leases

3305a.1 Extension of leases by drilling or well reworking operations.
3305a.2 Directional drilling.
3305a.3 Compensatory payments.
3305a.4 Effect of suspensions on lease term.

Subpart 3306—Termination of Leases

3306.1 Relinquishment of leases or parts of leases.
3306.2 Cancellation of leases.

Subpart 3307—Mineral Deposits Affected by Section 6 of Outer Continental Shelf Lands Act

Sec.

3307.1 Effect of regulations on provisions of lease.
3307.2 Leases of other minerals.
3307.3 Obligations of lessee.
3307.3-1 Bonds.
3307.3-2 Wells.
3307.3-3 Inspection.
3307.3-4 Diligence; compliance with regulations and orders.
3307.3-5 Freedom of purchase.
3307.3-6 Removal of property on termination of lease.
3307.4 Exploration and operations.
3307.4-1 Purchase of production.
3307.4-2 Suspension of operations during war or national emergency.
3307.4-3 Restriction of exploration and operations.
3307.4-4 Geological and geophysical exploration; rights-of-way.
3307.4-5 Leases of sulphur and other mineral.
3307.5 Remedies in case of default.
3307.6 Heirs and successors in interest.

SUBPART 3300—OUTER CONTINENTAL SHELF MINERAL DEPOSITS; GENERAL

§ 3300.0-3 Purpose and authority.

The Outer Continental Shelf Lands Act of August 7, 1953 (67 Stat. 462; 43 U.S.C. §1331 et seq.), referred to in this part as "the act," among other things, authorizes the Secretary of the Interior to issue on a competitive basis leases for oil and gas, sulphur, and other minerals in submerged lands of the Outer Continental Shelf, as defined in section 2 of the act. Subject to the supervisory authority of the Secretary, the regulations in this part shall be administered by the Director, Bureau of Land Management, hereinafter referred to in this part as the Director.

§ 3300.0-4 Applicability of public land laws.

The laws and regulations pertaining to the public lands of the United States are not applicable to the submerged lands of the Outer Continental Shelf. Mineral deposits in the submerged lands of the Outer Continental Shelf are subject to disposition only in accordance with the provisions of the act and the regulations promulgated by the Secretary thereunder.

§ 3300.1 Persons qualified to hold leases.

Mineral leases issued pursuant to section 8 of the act may be held only by citizens of the United States over 21 years of age, associations of such citizens, States, political subdivisions of a State, or private, public, or municipal corporations organized under the laws of the United States or of any State or Territory thereof.

§ 3300.3 Helium

Each lease issued or continued under the act shall be subject to a reservation by the United States of the ownership of and the right to extract helium from all gas produced from the leased area, subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. In case the United States elects to take the helium, the lessee shall deliver all gas containing helium, or the portion of gas desired, to the United States at any point on the leased area in the manner required by the United States, for the extraction of helium in such plant or reduction works for that purpose as the United States may provide, whereupon the residue shall be returned to the lessee with no substantial delay in the delivery of gas produced from the well to the purchaser thereof. The lessee shall not suffer a diminution of value of the gas from which the helium has been extracted, or loss otherwise, for which he is not reasonably compensated, save for the value of the helium extracted. The United States shall have the right to erect, maintain, and operate on the leased area any and all reduction works and other equipment necessary for the extraction of helium.

§ 3300.4 Payments of filing charges, bonuses, rentals and royalties.

All payments to the United States required by the act or the regulations in this part shall be made to the oil and gas supervisor of the Geological Survey for the region in which the leased area is situated, except that payments of filing charges, bonuses and first year's rental shall be made to the manager of the ap-

propriate field office, Bureau of Land Management, unless otherwise directed by the Secretary. All payments should be made by check, bank draft, or money order payable to the United States Geological Survey, if the payments are made to the Geological Survey, or to the Bureau of Land Management, if the payments are made to that Bureau.

Subpart 3301—Leasing Areas

§ 3301.1 Leasing maps.

(a) Any area of the Outer Continental Shelf which has been appropriately platted as provided in paragraph (b) of this section is subject to lease for any mineral not included in a subsisting lease issued under the act or meeting the requirements of subsection (a) of section 6 of the act, unless before any lease is offered or issued the unit is (1) withdrawn from disposition pursuant to section 12(a) of the act, or (2) designated as an area or part of an area restricted from operation under section 12(d) of the act.

(b) As the need arises, the Bureau of Land Management will prepare official leasing maps of areas of the Outer Continental Shelf, which will be made to conform so far as practicable to the method of tract designation established by the adjoining State. The area included in each mineral lease shall be described in accordance with the official leasing map.

§ 3301.2 Resources evaluation.

From time to time the Director may announce tentative schedules of lease sales of Outer Continental Shelf areas. At such time as an area is initially considered for mineral leasing, or as the need arises, the Director shall request the, Geological Survey, to prepare a summary report describing the general geology and potential mineral resources of the area and shall request other interested Federal agencies to prepare reports describing to the extent known any other valuable resources contained within the general area and the potential effect of mineral operations upon the resources or upon the total environment.

§ 3301.3 Nominations of tracts.

In selecting tracts for oil and gas, sulphur, or other mineral leasing, the Director will receive and consider nominations of tracts or requests describing areas and expressing an interest in leasing of minerals, or, from time to time, upon his own motion, upon approval of the Secretary, may issue calls for nominations of tracts for the leasing of minerals in specified areas. Nominations of tracts should be addressed to the Director, with copies to the appropriate Bureau of Land Management field office and the appropriate oil and gas supervisor of the Geological Survey. The Director, Geological Survey, shall submit recommendations to the Director on tract selections and lease terms and conditions.

§ 3301.4 Selection of tracts.

The Director, prior to the final selection of tracts for leasing, either selected on his own motion or nominated pursuant to §3301.3 of this subpart, shall evaluate fully the potential effect of the leasing program on the total environment, aquatic resources, aesthetics, recreation, and other resources in the entire area during exploration, development and operational phases. To aid him in his evaluation and determinations he shall request and consider the views and recommendations of appropriate Federal agencies, may hold public hearings after appropriate notice, and may consult with State agencies, organizations, industries, and individuals. The Director shall develop special leasing stipulations and conditions when necessary to protect the environment and all other resources, and such special stipulations and conditions shall be contained in the proposed notice of lease offer. The proposed notice of lease offer, together with all views and recommendations received and the Director's findings or actions thereon, shall be submitted to the Secretary for final approval.

§ 3301.5 Notice of lease offer.

Upon approval of the Secretary, the Director shall publish the notice of lease offer at the expense of the United States in the *Federal Register*, as the official publication, and in other publications as may be desirable. The publication in the

Federal Register shall be at least 30 days prior to the date of the sale. The notice shall state the place and time at which bids will be filed, and the place, date, and hour at which bids will be opened. The notice shall contain any special stipulations or conditions which will become a part of any lease issued pursuant to such notice, including stipulations or conditions for the protection of the environment, aquatic life and other resources.

§ 3301.6 Tracts subject to drainage.

Upon direction of the Secretary, the Director, after obtaining the recommendation of the Director, Geological Survey, is authorized to publish on his own motion notices of lease offer of tracts which have been determined by the Director, Geological Survey, to be subject to drainage of their oil and gas deposits from wells on other tracts. The Director may request and consider the views and recommendations of appropriate Federal and State agencies prior to publishing the notice of lease offer. The notice shall be published in accordance with section 3301.5 of this subpart.

Subpart 3302–Issuance of Leases

§ 3302.1 General.

Tracts will be offered for lease by competitive sealed bidding under conditions specified in the notice of lease offer. Each oil and gas lease issued pursuant to section 8 of the act shall cover a compact area not exceeding 5,760 acres.

§ 3302.2 Term.

(a) All oil and gas leases shall be issued for a term of 5 years and so long thereafter as oil or gas may be produced from the leasehold in paying quantities, or drilling or well reworking operations, as approved by the Secretary under § 3305a.1 of this part, are conducted thereon.

(b) All sulphur leases shall be issued for a term of 10 years and so long thereafter as sulphur may be produced from the leasehold in paying quantities or drilling, well reworking, plant construction, or other operations for the production of sulphur, as approved by the Secretary, are conducted thereon.

(c) Other mineral leases shall be issued for such terms as may be prescribed at the time of offering the leases in the notice of lease offer.

§ 3302.4 What must accompany bids.

(a) A separate bid must be submitted for each lease unit described in the notice of lease offer. A bid may not be submitted for less than an entire unit. Each bidder must submit with his bid a certified or cashier's check or bank draft on a solvent bank, or a money order or cash, for one-fifth of the amount of the cash bonus. If the bidder is an individual, he must submit with his bid a statement of his citizenship. If the bidder is an association (including a partnership), the bid shall be accompanied also by a certified copy of the articles of association or appropriate reference to the record of the Bureau of Land Management in which such a copy has already been filed, with a statement as to any subsequent amendments. If the bidder is a corporation, the following additional information shall be submitted with the bid.

(1) A certified copy of the articles of incorporation and a copy either of the minutes of the meeting of the board of directors or of the by-laws indicating that the person signing the bid has authority to do so, or, in lieu of such a copy, a certificate by the secretary or the assistant secretary of the corporation to that effect, over the corporate seal or appropriate reference to the record of the Bureau of Land Management in connection with which such articles and authority have been previously furnished.

(b) All bidders are warned against violation of the provisions of Title 18 U.S.C. section 1860, prohibiting unlawful combination or intimidation of bidders.

§ 3302.5 Award of lease.

Sealed bids received in response to the notice of lease offer shall be opened at the place, date and hour specified in the notice. The opening of bids is for the sole purpose of publicly announcing and recording the bids received and no bids will be accepted or rejected at that time. In accordance with section 8 of the act, leases will be awarded only to the highest responsible qualified bidder. The United States reserves the right and discretion to reject any and all bids received for any

tract, regardless of the amount offered. Awards of leases will be made only by written notice from the authorized officer. Such notices shall transmit the lease forms for execution. In the event the highest bids are tie bids, tie bidders may file with the Director within 15 days after notification an agreement to accept the lease jointly, otherwise all bids will be rejected. If the authorized officer fails to accept the highest bid for a lease within 30 days after the date on which the bids are opened, all bids for such lease will be considered rejected. Notice of his action will be transmitted promptly to the several bidders. If the lease is awarded, three copies of the lease will be sent to the successful bidder and he will be required within 30 days from his receipt thereof to execute them, pay the first year's rental, the balance of the bonus bid, and file a bond as required in § 3304.1. Deposits on rejected bids will be returned. If the successful bidder fails to execute the lease or otherwise comply with the applicable regulations, his deposit will be forfeited and disposed of as other receipts under the act. If before the lease is executed on behalf of the United States the land is withdrawn or restricted from leasing, all payments made by the bidder will be refunded. If the awarded lease is executed by an agent acting in behalf of the bidder, the lease must be accompanied by evidence that the bidder authorized the agent to execute the lease. When the three copies of the lease are executed by the successful bidder and returned to the authorized officer, the lease will be executed on behalf of the United States, and one fully executed copy will be mailed to the successful bidder.

§ 3302.6 Form.

Oil and gas leases and leases for sulphur will be issued on forms approved by the Director. Other mineral leases will be issued on such forms as may be prescribed by the Secretary.

§ 3302.7 Dating of leases.

All leases issued under the regulations in this part will be dated and become effective as of the first day of the month following the date the leases are signed on behalf of the lessor, except that, when prior written request is made, a lease may be dated and become effective as of the first day of the month within which it is so signed.

Subpart 3303—Rentals and Royalties

§ 3303.1 Rentals.

An annual rental shall be due and payable in advance on the first day of each lease year prior to discovery at the rate specified in the lease. The owner of any lease created by the assignment of a portion of a producing lease and on which assigned portion there is no discovery shall be required to pay an annual rental for such assigned portion at the rate per acre specifed in the lease payable each lease year following the year in which the assignment became effective and prior to a discovery on such segregated portion.

§ 3303.2 Royalties.

Royalties shall be at the rate specified in the lease but in no event shall the royalty on oil and gas be less than 12½ percent of the amount or value of the production saved, removed or sold from the lease, nor on sulphur less than 5 percent of the gross production of value of the sulphur at the wellhead.

§ 3303.3 Minimum royalty.

Each lessee shall pay the minimum royalty specified in the lease at the end of each lease year beginning with the first lease year following a discovery on the lease.

§ 3303.5 Effect of suspensions on royalty and rental.

(a) In the event that under the provisions of 30 CFR 250.12(c) or (d)(1) the regional oil and gas supervisor of the Geological Suvey with respect to any lease directs the suspension of both operations and production, or with respect to a lease on which there is no producible well directs the suspension of operations, no payment of rental or minimum royalty will be required for or during the period of the suspension. In the event that under the provisions of 30 CFR 250.12(d)(1) the supervisor approves, at the request of a lessee, the suspension of operations or production, or both, or under the provisions of 30 CFR 250.12(d)(3) suspends

any operation including production, the lessee will not be relieved of the obligation to pay rental, minimum royalty or royalty for or during the period of suspension.

(b) In the event the anniversary date of a lease falls within a period of suspension for which no rental or minimum royalty payments are required under paragraph (a), of this section, the prorated rentals or minimum royalties, if any are due and payable as of the date the suspension period terminates, shall be computed and notice thereof given the lessee. Payment of the amount due shall be made by the lessee within 30 days after receipt of such notice. The anniversary date of a lease will not change by reason of any period of lease suspension or rental or royalty relief resulting therefrom.

Subpart 3304—Bonds

§ 3304.1 Amount of bond required of lessee.

The successful bidder prior to the issuance of an oil and gas or sulphur lease must furnish a corporate surety bond in the sum of $50,000 conditioned on compliance with all of the terms of the lease, unless he already maintains or furnishes a bond in the sum of $300,000 conditioned on compliance with the terms of oil and gas and sulphur leases held by him on the Outer Continental Shelf in the (a) Gulf of Mexico, (b) along the Pacific Coast, or (c) along the Atlantic Coast, as may be appropriate. An operator's bond in the same amount may be substituted at any time for the lessee's bond. The United States reserves the right to require additional security in the form of a supplemental bond or bonds or to increase the coverage of an existing bond if, after operations or production have begun, such additional security is deemed necessary. The amount of bond coverage on leases for other minerals will be determined at the time of the offer to lease and will be stated in the notice of lease offer. Where upon a default, the surety on an Outer Continental Shelf Mineral Lease Bond makes payment to the Government of any indebtedness under a lease secured thereby, the face amount of such bond and the surety's liability thereunder shall be reduced by the amount of such payment. Thereafter, upon penalty of cancellation of all of the leases covered by such bond, the principal shall post a new bond, on a form approved by the Director, in the amount of $300,000 within 6 months after notice, or within such shorter period as the authorized officer of the Bureau of Land Management may fix. However, in lieu thereof, the principal may within that time file separate bonds for each lease. The provisions hereof may be made applicable to any bond in force at the time of the approval of the amendment of this section by filing in the local office of the Bureau of Land Management, a written consent to that effect and an agreement to be bound by the provisions hereof executed by the principal and surety. Upon receipt thereof the bond will be deemed to be subject to the provisions of this section.

§ 3304.2 Form of bond.

Bonds furnished by lessee or operator for a single lease will be on forms approved by the Director. The $300,000 bond will be on a form approved by the Director.

Subpart 3305—Assignment or Transfers

§ 3305.1 Assignment of leases or interest therein.

Leases, or any undivided interest therein, may be assigned in whole or as to any officially designated subdivision subject to the approval of the authorized officer, to any one qualified under § 3380.1 to take and a hold a lease. Any assignment made under this section shall, upon approval, be deemed to be effective on and after the first day of the lease month following its filing in the appropriate office of the Bureau of Land Management, unless at the request of the parties an earlier date is specified in the Director's approval. The assignor shall be liable for all obligations under the lease accruing prior to the approval of the assignment.

§ 3305.2 Requirements for filing of transfers.

(a) (1) All instruments of transfer of a lease or of an interest therein, including operating agreements, subleases, and assignments of record interests, must be

filed in triplicate for approval within 90 days from the date of final execution with a statement over the transferee's own signature with respect to citizenship and qualifications similar to that required of a lessee and must contain all of the terms and conditions agreed upon by the parties thereto. Carried working interests, overriding royalty interests, or payments out of production, may be created or transferred without requirement for filing or approval.

(2) An application for approval of any instrument required to be filed must be accompanied by a fee of $10, and an application not accompanied by payment of such a fee will not be accepted for filing. Such fee will not be returned even though the application later be withdrawn or rejected in whole or in part.

(b) Where an attorney in fact, in behalf of the holder of a lease, operating agreement or sublease signs an assignment of the agreement, lease, or interest, or signs the application for approval, there must be furnished evidence of the authority of the attorney in fact to execute the assignment or application and the statement required by § 3302.4.

(c) Where an assignment creates a segregated lease a bond must be furnished in the amount prescribed in § 3304.1. Where an assignment does not create separate leases the assignee, if the assignment so provides and the surety consents, may become a joint principal on the bond with the assignor.

(d) In order for the heirs or devisees of a deceased holder of a lease, or any interest therein, to be recognized by the Department as the lawful successor to such lease or interest, evidence of their status as such heirs or devisees must be furnished in the form of a certified copy of an appropriate order or decree of the court having jurisdiction of the distribution of the estate or, if no court action is necessary, the statements of two disinterested parties having knowledge of the facts or a certified copy of the will, and, in all cases, the statements of the heirs or devisees that they are the persons named as successors to the estate with evidence of their qualifications as provided in § 3302.4. In the event such heirs or devisees are unable to qualify to hold the lease or interest they will nevertheless be recognized as the lawful successors of the deceased for a period of not to exceed 2 years from the date of death of their predecessor in interest.

§ 3305.3 Separate assignments required for transfer of record title to leases.

A separate instrument of assignment must be filed for each lease when transfers involve record titles. When transfers to the same person, association, or corporation, involving more than one lease are filed at the same time for approval, one request for approval and one showing as to the qualifications of the assignee will be sufficient.

§ 3305.4 Effect of assignment of particular tract.

(a) When an assignment is made of all of the record title to a portion of the acreage in a lease, the assigned and retained portions become segregated into separate and distinct leases. The assignee becomes a lessee of the Government as to the segregated tract and is bound by the terms of the lease as though he had obtained the lease from the United States in his own name, and the assignment after its approval will be the basis of a new record. Royalty, minimum royalty, and rental provisions of the original lease shall apply separately to each segregated portion.

(b) In the case of an assignment of a portion of an oil and gas lease the segregated leases shall continue in full force and effect for the primary term of the original lease and so long thereafter as oil or gas may be produced from the original leased area in paying quantities or drilling or well reworking operations as approved by the Secretary are conducted thereon.

Subpart 3305a—Extension of Leases

§ 3305a.1 Extension of leases by drilling or well reworking operations.

(a) The Secretary shall be deemed to have approved, within the meaning of section 8(b)(2) of the Outer Continental

Shelf Lands Act, drilling or well reworking operations, conducted on the leased area in the following instances:

(1) If, any discovery of oil or gas in paying quantities has been made on the leasehold, and within 90 days prior to expiration of the 5-year term or any extension thereof, or thereafter, the production thereof shall cease at any time, or from time to time, from any cause and production is restored or dilling or well reworking operations are commenced within 90 days thereafter, and such drilling or well reworking operations (whether on the same or different wells) are prosecuted diligently until production is restored in paying quantities.

(2) If, within 90 days prior to expiration of the 5-year term or any extension thereof, or thereafter, at any time, or from time to time, lessee is engaged in drilling or well reworking operations on the leasehold and there is no well on the leasehold capable of producing in paying quantities and the lessee diligently prosecutes such operations (whether on the same or different wells) with no cessation of more than 90 days.

(b) The Secretary may approve such other operations for drilling or reworking upon application of lessee.

(c) Nothing in this section obviates the necessity of obtaining the Oil and Gas Supervisor's approval of a plan or notice of intention to drill or of complying with the provisions of 30 CFR Part 250.

§ 3305a.2 Directional drilling.

A lease may be maintained in force by directional wells drilled under the leased area from surface locations on adjacent or adjoining land not covered by the lease. In such circumstances, drilling shall be considered to have commenced on the leased area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the leased area through any directional well surfaced on adjacent or adjoining land, and production, drilling, or reworking of any such directional well shall be considered production or drilling or reworking operations (as the case may be) on the leased area for all purposes of the lease.

§ 3305a.3 Compensatory payments.

In the event that an oil and gas lessee makes compensatory payments as provided in 30 CFR 250.33 and in the event that the lease is not being maintained in force by other production of oil or gas in paying quantities or by other approved drilling or reworking operations, such payments shall be considered as the equivalent of production in paying quantities for all purposes of the lease.

§ 3305a.4 Effect of suspensions on lease term.

In the event that under the provisions of 30 CFR 250.12 (c) or (d)(1), the regional Oil and Gas Supervisor of the Geological Survery directs the suspension of either operations or production, or both, with respect to any lease, the term of the lease will be extended by a period equivalent to the period of the suspension. In the event that under the provisions of 30 CFR 250.12(c) or (d)(1), the supervisor approves the suspension of either operations or production, or both, with respect to any lease, the term of the lease will not be deemed to expire so long as the suspension remains in effect.

Subpart 3306—Termination of Leases

§ 3306.1 Relinquishment of leases or parts of leases.

A lease or any officially designated subdivision thereof may be surrendered by the record title holder by filing a written relinquishment, in triplicate, with the appropriate office of the Bureau of Land Management. A relinquishment shall take effect on the date it is filled subject to the continued obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to abandon all wells on the land to be relinquished to the satisfaction of the Oil and Gas Supervisor.

§ 3306.2 Cancellation of leases.

Any nonproducing lease issued under the act may be canceled by the authorized officer whenever the lessee fails to comply with any provision of the act or lease or applicable regulations in force and effect

on the date of the issuance of the lease, if such failure to comply continues for 30 days after mailing of notice by registered letter to the lease owner at his record post office address. Any such cancellation is subject to judicial review as provided in section 8(j) of the act upon the complaint of any person. Producing leases issued under the act may be canceled for such failure only by judicial proceedings in the manner prescribed in section 5(b)(2) of the act. Any lease issued under the act, whether producing or not, will be canceled by the authorized officer upon proof that it was obtained by fraud or misrepresentation, and after notice and opportunity to be heard has been afforded to the lessee.

Subpart 3307—Mineral Deposits Affected by Section 6 of Outer Continental Shelf Lands Act

§ 3307.1 Effect of regulations on provisions of lease.

(a) As contemplated by section 6(b) of the act, the preceding regulations in this part so far as they are applicable and the following regulations will supersede the provisions of any lease which is determined to meet the requirements of section 6(a) of the act, to the extent that they cover the same subject matter, with the following exceptions: The provisions of a lease with respect to the area covered by the lease, the minerals covered by the lease, the rentals payable under the lease, the royalties payable under the lease (subject to the provisions of sections 6(a)(8) and 6(a)(9) of the act), and the term of the lease (subject to the provisions of section 6(a)(10) of the act and, as to sulphur, subject to the provisions of section 6(b)(2) of the act) shall continue in effect and, in the event of any conflict or inconsistency, shall take precedence over those regulations.

(b) A lease that meets the requirements of section 6(a) of the act shall also be subject to all operating and conservation regulations applicable to the Outer Continental Shelf, as well as the regulations relating to geophysical and geological exploratory operations and to pipeline rights-of-way in the Outer Continental Shelf, to the extent that those regulations are not contrary to or inconsistent with the provisions of the lease relating to the area covered, the minerals covered, the rentals payable, the royalties payable, and the term of the lease. Nothing herein should be construed to waive compliance with any provision of any State lease the subject matter of which is not covered in the regulations in this part.

§ 3307.2 Leases of other minerals.

The existence of a lease that meets the requirements of section 6(a) of the act will not preclude the issuance of other leases of the same area for deposits of other minerals: *Provided,* That no lease of minerals other than those covered by the lease shall authorize or permit the lessee thereunder unreasonably to interfere with or endanger operations under the existing lease: *And provided further,* That no sulphur leases will be granted by the United States on any area while such area is included in a lease covering sulphur under section 6(b) of the act.

§ 3307.3 Obligations of lessee.

§ 3307.3–1 Bonds.

Within 30 days from the effective date of the regulations in this part or within such further period or periods as may be fixed from time to time by the authorized officer, the lessee under a lease meeting the requirements of section 6(a) of the act must furnish a bond as provided in § 3304.1.

§ 3307.3–2 Wells.

(a) After due notice in writing, the lessee shall drill and produce such wells as the Secretary may reasonably require in order that the leased area or any part thereof may be properly and timely developed and produced in accordance with good operating practice.

(b) At the election of the lessee, the lessee may drill and produce other wells in conformity with any system of well spacing or production allotments affecting the area, field, or pool in which the leased area or any part thereof is situated, which is authorized or sanctioned by applicable law or by the Secretary.

(c) The lessee shall drill and produce such wells as are necessary to protect the lessor from loss by reason of production

58-160 O - 71 - pt. 1 --20

on other properties, or in lieu thereof, with the consent of the Oil and Gas Supervisor, to pay a sum determined by the supervisor as adequate to compensate the lessor for failure to drill and produce any such well. In the event that this lease is not being maintained in force by other production of oil or gas in paying quantities or by other approved drilling or reworking operations, such payments shall be considered as the equivalent of production in paying quantities for all purposes of this lease.

§ 3307.3-3 Inspection.

The lessee shall keep open at all reasonable times for the inspection of any duly authorized officer of the Department of the Interior, the leased area and all wells, improvements, machinery and fixtures thereon and all books, accounts, maps and records relative to operations and surveys or investigations on or with regard to the leased area or under the lease.

§ 3307.3-4 Diligence; compliance with regulations and orders.

The lessee shall exercise reasonable diligence in drilling and producing the wells herein provided for; shall carry on all operations in accordance with approved methods and practices including those provided in the operating and conservation regulations for the Outer Continental Shelf; shall remove all structures when no longer required for operations under the lease to sufficient depth beneath the surface of the waters to prevent them from being a hazard to navigation and the fishing industry; and shall carry out at expense of the lessee all lawful and reasonable orders of the lessor relative to the matters in this section. On failure of the lessee so to do the lessor shall have the right to enter on the property and to accomplish the purpose of such orders at the lessee's cost: *Provided,* That the lessee shall not be held responsible for delays or casualties occasioned by causes beyond the lessee's control.

§ 3307.3-5 Freedom of purchase.

The lessee shall accord all workmen and employees directly engaged in any of the operations under the lease complete freedom of purchase.

§ 3307.3-6 Removal of property on termination of lease.

Upon the expiration of any lease, or the earlier termination thereof as provided in the regulations in this part, the lessee shall within a period of one year thereafter remove from the premises all structures, machinery, equipment, tools, and materials other than improvements needed for producing wells or for drilling or producing other leases, and other property permitted by the lessor to be maintained.

§ 3307.4 Exploration and operations.

§ 3307.4-1 Purchase of production.

In time of war, or when the President of the United States shall so prescribe, the United States shall have the right of first refusal to purchase at the market price all or any portion of the oil or gas produced from the leased area, as provided in section 12(b) of the act.

§ 3307.4-2 Suspension of operations during war or national emergency.

Upon recommendation of the Secretary of Defense, during a state of war or national emergency declared by the Congress or the President of the United States after August 7, 1953, the Secretary is authorized to suspend any or all operations under a lease, as provided in section 12(c) of the act: *Provided,* That just compensation shall be paid by the United States to the lessee whose operations are thus suspended.

§ 3307.4-3 Restriction of exploration and operations.

The United States shall have the right, as provided in section 12(d) of the act, to restrict from exploration and operations the leased area or any part thereof which may be designated by and through the Secretary of Defense, with the approval of the President of the United States, as, or as part of, an area of the Outer Continental Shelf needed for national defense. So long as such designation remains in effect no exploration or operations may be conducted on the surface of the leased area or the part thereof included within the designation except with the concurrence of the Secretary of Defense. If operations or production under any lease within

any such restricted area shall be suspended, any payments of rentals, minimum royalty, and royalty prescribed by such lease likewise shall be suspended during such period of suspension of operations and production, and the term of such lease shall be extended by adding thereto any such suspension period, and the United States shall be liable to the lessee for such compensation as is required to be paid under the Constitution of the United States.

§ 3307.4–4 Geological and geophysical exploration; rights-of-way.

The United States reserves the right to authorize the conduct of geological and geophysical exploration in the leased area which does not interfere with or endanger actual operations under the lease and the right to grant such easements or rights-of-way, upon, through, or in the leased area as may be necessary or appropriate to the working of other lands containing the deposits described in the act, and to the treatment and shipment of products thereof by or under authority of the Government, its lessees or permittees, and for other public purposes, subject to the provisions of section 5(c) of the act where they are applicable and to all lawful and reasonable regulations and conditions prescribed by the Secretary thereunder.

§ 3307.4–5 Leases of sulphur and other mineral.

The United States reserves the right to grant sulphur leases and leases of any mineral other than oil, gas, and sulphur within the leased area or any part thereof, subject to the provisions of sections 8(c), 8(d), and 8(e) of the act and all lawful and reasonable regulations prescribed by the Secretary thereunder: *Provided*, That no such sulphur lease or lease of other mineral shall authorize or permit the lessee thereunder unreasonably to interfere with or endanger operations under the lease which is continued under section 6 of the act.

§ 3307.5 Remedies in case of default.

(a) Whenever the lessee fails to comply with any of the provisions of the act or of the lease or of the lawful and reasonable regulations issued within 90 days after the authorized officer has determined that the lease meets the requirements of section 6(a) of the act, the lease shall be subject to cancellation as follows:

(1) If, at the time of such default, no well is producing, or is capable of producing, oil or gas in paying quantities from the leased area, whether such well be drilled from a surface location within the leased area or be directionally drilled from a surface location on adjacent or adjoining lands the lease may be cancelled by the Secretary (subject to the right of judicial review as provided in section 8(j) of the act) if such default continues for the period of 30 days after mailing of notice by registered letter to the lessee at the lessee's record post office address.

(2) If, at the time of such default, any well is producing, or is capable of producing, oil or gas in paying quantities from the leased area, whether such well be drilled from a surface location within the leased area or be directionally drilled from a surface location on adjacent or adjoining lands, the lease may be cancelled by an appropriate proceeding in any United States district court having jurisdiction under the provisions of section 4(b) of the act if such default continues for the period of 30 days after mailing of notice by registered letter to the lessee at the lessee's record post office address.

(b) If any such default continues for the period of 30 days after mailing of notice by registered letter to the lessee at the lessee's record post office address, the lessor may then exercise any legal or equitable remedy which the lessor may have; however, the remedy of cancellation of the lease may be exercised only under the conditions and subject to the limitations set out in paragraph (a) of this section, or pursuant to section 8(i) of the act.

(c) A waiver of any particular default shall not prevent the cancellation of the lease or the exercise of any other remedy the lessor may have by reason of any other cause or for the same cause occurring at any other time.

§ 3307.6 Heirs and successors in interest.

Each obligation under any lease and under the regulations in this part shall extend to and be binding upon, and every benefit therunder shall inure to, the heirs, executors, administrators, successors, or assigns of the lessee.

PUBLIC LAW 212

83d CONGRESS

1st. SESSION

OUTER CONTINENTAL SHELF LANDS ACT

(67 Stat. 462)

Public Law 212—83d Congress
Chapter 345—1st Session
H. R. 5134

AN ACT

To provide for the jurisdiction of the United States over the submerged lands of the outer Continental Shelf, and to authorize the Secretary of the Interior to lease such lands for certain purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Outer Continental Shelf Lands Act." Outer Continental Shelf Lands Act.

Sec. 2. Definitions.—When used in this Act—

(a) The term "outer Continental Shelf" means all submerged lands lying seaward and outside of the area of lands beneath navigable waters as defined in section 2 of the Submerged Lands Act (Public Law 31, Eighty-third Congress, first session), and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control; Ante, p. 29.

(b) The term "Secretary" means the Secretary of the Interior;

(c) The term "mineral lease" means any form of authorization for the exploration for, or development or removal of deposits of, oil, gas, or other minerals; and

(d) The term "person" includes, in addition to a natural person, an association, a State, a political subdivision of a State, or a private, public, or municipal corporation.

Sec. 3. Jurisdiction Over Outer Continental Shelf.—

(a) It is hereby declared to be the policy of the United States that the subsoil and seabed of the outer Continental Shelf appertain to the United States and are subject to its jurisdiction, control, and power of disposition as provided in this Act.

(b) This Act shall be construed in such manner that the character as high seas of the waters above the outer Continental Shelf and the right to navigation and fishing therein shall not be affected.

Sec. 4. Laws Applicable to Outer Continental Shelf.—

(a) (1) The Constitution and laws and civil and political jurisdiction of the United States are hereby extended to the subsoil and seabed of the outer Continental Shelf and to all artificial islands and fixed structures which may be erected thereon for the purpose of exploring for, developing, removing, and transporting resources therefrom, to the same extent as if the outer Continental Shelf were an area of exclusive Federal jurisdiction located within a State: *Provided, however,* That mineral leases on the outer Continental Shelf shall be maintained or issued only under the provisions of this Act.

(2) To the extent that they are applicable and not inconsistent with this Act or with other Federal laws and regulations of the Secretary now in effect or hereafter adopted, the civil and criminal laws of each adjacent State as of the effective date of this Act are hereby declared to be the law of the United States for that portion of the subsoil and seabed of the outer Continental Shelf, and artificial islands and fixed structures erected thereon, which would be within the area of the State if its boundaries were extended seaward to the outer margin of the outer Continental Shelf, and the President shall determine and publish in the Federal Register such projected lines State laws. Publication of projected State lines.

extending seaward and defining each such area. All of such applicable laws shall be administered and enforced by the appropriate officers and courts of the United States. State taxation laws shall not apply to the outer Continental Shelf.

(3) The provisions of this section for adoption of State law as the law of the United States shall never be interpreted as a basis for claiming any interest in or jurisdiction on behalf of any State for any purpose over the seabed and subsoil of the outer Continental Shelf, or the property and natural resources thereof or the revenues therefrom.

Jurisdiction of U.S. district courts.

(b) The United States district courts shall have original jurisdiction of cases and controversies arising out of or in connection with any operations conducted on the outer Continental Shelf for the purpose of exploring for, developing, removing or transporting by pipeline the natural resources, or involving rights to the natural resources of the subsoil and seabed of the outer Continental Shelf, and proceedings with respect to any such case or controversy may be instituted in the judicial district in which any defendant resides or may be found, or in the judicial district of the adjacent State nearest the place where the cause of action arose.

Worker's compensation.

(c) With respect to disability or death of an employee resulting from any injury occurring as the result of operations described in subsection (b), compensation shall be payable under the provisions of the Longshoremen's and Harbor Workers' Compensation Act. For the purposes of the extension of the provisions of the Longshoremen's and Harbor Workers' Compensation Act under this section—

44 Stat. 1424.
33 USC 901.

(1) the term "employee" does not include a master or member of a crew of any vessel, or an officer or employee of the United States or any agency thereof or of any State or foreign government, or of any political subdivision thereof;

(2) the term "employer" means an employer any of whose employees are employed in such operations; and

(3) the term "United States" when used in a geographical sense includes the outer Continental Shelf and artificial islands and fixed structures thereon.

61 Stat. 136.
29 USC 167.

(d) For the purposes of the National Labor Relations Act, as amended, any unfair labor practice, as defined in such Act, occurring upon any artificial island or fixed structure referred to in subsection (a) shall be deemed to have occurred within the judicial district of the adjacent State nearest the place of location of such island or structure.

Coast Guard regulations, etc.

(e) (1) The head of the Department in which the Coast Guard is operating shall have authority to promulgate and enforce such reasonable regulations with respect to lights and other warning devices, safety equipment, and other matters relating to the promotion of safety of life and property on the islands and structures referred to in subsection (a) or on the waters adjacent thereto, as he may deem necessary.

(2) The head of the Department in which the Coast Guard is operating may mark for the protection of navigation any such island or structure whenever the owner has failed suitably to mark the same in accordance with regulations issued hereunder, and the owner shall pay the cost thereof. Any person, firm, company, or corporation who shall fail or refuse to obey any of the lawful rules and regulations issued hereunder shall be guilty of a misdemeanor and shall be fined not more than $100 for each offense. Each day during which such violation shall continue shall be considered a new offense.

Penalty.

Artificial islands, etc.

(f) The authority of the Secretary of the Army to prevent obstruction to navigation in the navigable waters of the United States is hereby extended to artificial islands and fixed structures located on the outer Continental Shelf.

(g) The specific application by this section of certain provisions of law to the subsoil and seabed of the outer Continental Shelf and the artificial islands and fixed structures referred to in subsection (a) or to acts or offenses occurring or committed thereon shall not give rise to any inference that the application to such islands and structures, acts, or offenses of any other provision of law is not intended.

Sec. 5. Administration of Leasing of the Outer Continental Shelf.—

(a) (1) The Secretary shall administer the provisions of this Act relating to the leasing of the outer Continental Shelf, and shall prescribe such rules and regulations as may be necessary to carry out such provisions. The Secretary may at any time prescribe and amend such rules and regulations as he determines to be necessary and proper in order to provide for the prevention of waste and conservation of the natural resources of the outer Continental Shelf, and the protection of correlative rights therein, and, notwithstanding any other provisions herein, such rules and regulations shall apply to all operations conducted under a lease issued or maintained under the provisions of this Act. In the enforcement of conservation laws, rules, and regulations the Secretary is authorized to cooperate with the conservation agencies of the adjacent States. Without limiting the generality of the foregoing provisions of this section, the rules and regulations prescribed by the Secretary thereunder may provide for the assignment or relinquishment of leases, for the sale of royalty oil and gas accruing or reserved to the United States at not less than market value, and, in the interest of conservation, for unitization, pooling, drilling agreements, suspension of operations or production, reduction of rentals or royalties, compensatory royalty agreements, subsurface storage of oil or gas in any of said submerged lands, and drilling or other easements necessary for operations or production.

Prevention of waste.

Cooperation with State conservation agencies.

(2) Any person who knowingly and willfully violates any rule or regulation prescribed by the Secretary for the prevention of waste, the conservation of the natural resources, or the protection of correlative rights shall be deemed guilty of a misdemeanor and punishable by a fine of not more than $2,000 or by imprisonment for not more than six months, or by both such fine and imprisonment, and each day of violation shall be deemed to be a separate offense. The issuance and continuance in effect of any lease, or of any extension, renewal, or replacement of any lease under the provisions of this Act shall be conditioned upon compliance with the regulations issued under this Act and in force and effect on the date of the issuance of the lease if the lease is issued under the provisions of section 8 hereof, or with the regulations issued under the provisions of section 6 (b), clause (2), hereof if the lease is maintained under the provisions of section 6 hereof.

Penalty.

(b) (1) Whenever the owner of a nonproducing lease fails to comply with any of the provisions of this Act, or of the lease, or of the regulations issued under this Act and in force and effect on the date of the issuance of the lease if the lease is issued under the provisions of section 8 hereof, or of the regulations issued under the provisions of section 6 (b), clause (2), hereof, if the lease is maintained under the provisions of section 6 hereof, such lease may be canceled by the

Cancellation of lease.

Secretary, subject to the right of judicial review as provided in section 8 (j), if such default continues for the period of thirty days after mailing of notice by registered letter to the lease owner at his record post office address.

(2) Whenever the owner of any producing lease fails to comply with any of the provisions of this Act, or of the lease, or of the regulations issued under this Act and in force and effect on the date of the issuance of the lease if the lease is issued under the provisions of section 8 hereof, or of the regulations issued under the provisions of section 6 (b), clause (2), hereof, if the lease is maintained under the provisions of section 6 hereof, such lease may be forfeited and canceled by an appropriate proceeding in any United States district court having jurisdiction under the provisions of section 4 (b) of this Act.

Pipeline rights-of-way.

(c) Rights-of-way through the submerged lands of the outer Continental Shelf, whether or not such lands are included in a lease maintained or issued pursuant to this Act, may be granted by the Secretary for pipeline purposes for the transportation of oil, natural gas, sulphur, or other mineral under such regulations and upon such conditions as to the application therefor and the survey, location and width thereof as may be prescribed by the Secretary, and upon the express condition that such oil or gas pipelines shall transport or purchase without discrimination, oil or natural gas produced from said submerged lands in the vicinity of the pipeline in such proportionate amounts as the Federal Power Commission, in the case of gas, and the Interstate Commerce Commission, in the case of oil, may, after a full hearing with due notice thereof to the interested parties, determine to be reasonable, taking into account, among other things, conservation and the prevention of waste. Failure to comply with the provisions of this section or the regulations and conditions prescribed thereunder shall be ground for forfeiture of the grant in an appropriate judicial proceeding instituted by the United States in any United States district court having jurisdiction under the provisions of section 4 (b) of this Act.

Forfeiture of grant.

Sec. 6. Maintenance of Leases on Outer Continental Shelf.—

(a) The provisions of this section shall apply to any mineral lease covering submerged lands of the outer Continental Shelf issued by any State (including any extension, renewal, or replacement thereof heretofore granted pursuant to such lease or under the laws of such State) if—

Filing of lease, etc.

(1) such lease, or a true copy thereof, is filed with the Secretary by the lessee or his duly authorized agent within ninety days from the effective date of this Act, or within such further period or periods as provided in section 7 hereof or as may be fixed from time to time by the Secretary.

(2) such lease was issued prior to December 21, 1948, and would have been on June 5, 1950, in force and effect in accordance with its terms and provisions and the law of the State issuing it had the State had authority to issue such lease;

(3) there is filed with the Secretary, within the period or periods specified in paragraph (1) of this subsection, (A) a certificate issued by the State official or agency having jurisdiction over such lease stating that it would have been in force and effect as required by the provisions of paragraph (2) of this subsection, or (B) in the absence of such certificate, evidence in

the form of affidavits, receipts, canceled checks, or other documents that may be required by the Secretary, sufficient to prove that such lease would have been so in force and effect;

Sums payable.

(4) except as otherwise provided in section 7 hereof, all rents, royalties, and other sums payable under such lease between June 5, 1950, and the effective date of this Act, which have not been paid in accordance with the provisions thereof, or to the Secretary or to the Secretary of the Navy, are paid to the Secretary within the period or periods specified in paragraph (1) of this subsection, and all rents, royalties, and other sums payable under such lease after the effective date of this Act, are paid to the Secretary, who shall deposit such payments in the Treasury in accordance with section 9 of this Act;

(5) the holder of such lease certifies that such lease shall continue to be subject to the overriding royalty obligations existing on the effective date of this Act.

(6) such lease was not obtained by fraud or misrepresentation;

(7) such lease, if issued on or after June 23, 1947, was issued upon the basis of competitive bidding;

Royalty.

(8) such lease provides for a royalty to the lessor on oil and gas of not less than 12½ per centum and on sulphur of not less than 5 per centum in amount or value of the production saved, removed, or sold from the lease, or, in any case in which the lease provides for a lesser royalty, the holder thereof consents in writing, filed with the Secretary,,to the increase of the royalty to the minimum herein specified;

(9) the holder thereof pays to the Secretary within the period or periods specified in paragraph (1) of this subsection an amount equivalent to any severance, gross production, or occupation taxes imposed by the State issuing the lease on the production from the lease, less the State's royalty interest in such production, between June 5, 1950, and the effective date of this Act and not heretofore paid to the State, and thereafter pays to the Secretary as an additional royalty on the production from the lease, less the United States' royalty interest in such production, a sum of money equal to the amount of the severance, gross production, or occupation taxes which would have been payable on such production to the State issuing the lease under its laws as they existed on the effective date of this Act;

Termination of lease.

(10) such lease will terminate within a period of not more than five years from the effective date of this Act in the absence of production or operations for drilling, or, in any case in which the lease provides for a longer period, the holder thereof consents in writing, filed with the Secretary, to the reduction of such period so that it will not exceed the maximum period herein specified; and

Surety bond.

(11) the holder of such lease furnishes such surety bond, if any, as the Secretary may require and complies with such other reasonable requirements as the Secretary may deem necessary to protect the interests of the United States.

Maintenance of lease.

(b) Any person holding a mineral lease, which as determined by the Secretary meets the requirements of subsection (a) of this section, may continue to maintain such lease, and may conduct operations thereunder, in accordance with (1) its provisions as to the area, the minerals covered, rentals and, subject to the provisions of paragraphs (8), (9) and (10) of subsection (a) of this section, as to

royalties and as to the term thereof and of any extensions, renewals, or replacements authorized therein or heretofore authorized by the laws of the State issuing such lease, or, if oil or gas was not being produced in paying quantities from such lease on or before December 11, 1950, or if production in paying quantities has ceased since June 5, 1950, or if the primary term of such lease has expired since December 11, 1950, then for a term from the effective date hereof equal to the term remaining unexpired on December 11, 1950, under the provisions of such lease or any extensions, renewals, or replacements authorized therein, or heretofore authorized by the laws of such State, and (2) such regulations as the Secretary may under section 5 of this Act prescribe within ninety days after making his determination that such lease meets the requirements of subsection (a) of this section: *Provided, however,* That any rights to sulphur under any lease maintained under the provisions of this subsection shall not extend beyond the primary term of such lease or any extension thereof under the provisions of such subsection (b) unless sulphur is being produced in paying quantities or drilling, well reworking, plant construction, or other operations for the production of sulphur, as approved by the Secretary, are being conducted on the area covered by such lease on the date of expiration of such primary term or extension: *Provided further,* That if sulphur is being produced in paying quantities on such date, then such rights shall continue to be maintained in accordance with such lease and the provisions of this Act: *Provided further,* That, if the primary term of a lease being maintained under subsection (b) hereof has expired prior to the effective date of this Act and oil or gas is being produced in paying quantities on such date, then such rights to sulphur as the lessee may have under such lease shall continue for twenty-four months from the effective date of this Act and as long thereafter as sulphur is produced in paying quantities, or drilling, well working, plant construction, or other operations for the production of sulphur, as approved by the Secretary, are being conducted on the area covered by the lease.

Sulphur.

Nonwaiver of U.S. claims.

(c) The permission granted in subsection (b) of this section shall not be construed to be a waiver of such claims, if any, as the United States may have against the lessor or the lessee or any other person respecting sums payable or paid for or under the lease, or respecting activities conducted under the lease, prior to the effective date of this Act.

Court review of determination.

(d) Any person complaining of a negative determination by the Secretary of the Interior under this section may have such determination reviewed by the United States District Court for the District of Columbia by filing a petition for review within sixty days after receiving notice of such action by the Secretary.

Lands beneath navigable waters.

(e) In the event any lease maintained under this section covers lands beneath navigable waters, as that term is used in the Submerged Lands Act, as well as lands of the outer Continental Shelf, the provisions of this section shall apply to such lease only insofar as it covers lands of the outer Continental Shelf.

Agreements with State.

Sec. 7. Controversy Over Jurisdiction.—

In the event of a controversy between the United States and a State as to whether or not lands are subject to the provisions of this Act, the Secretary is authorized, notwithstanding the provisions of subsections (a) and (b) of section 6 of this Act, and with the concurrence of the Attorney General of the United States, to negotiate and enter into agreements with the State, its political subdivision or

grantee or a lessee thereof, respecting operations under existing mineral leases and payment and impounding of rents, royalties, and other sums payable thereunder, or with the State, its political subdivision or grantee, respecting the issuance or nonissuance of new mineral leases pending the settlement or adjudication of the controversy. The authorization contained in the preceding sentence of this section shall not be construed to be a limitation upon the authority conferred on the Secretary in other sections of this Act. Payments made pursuant to such agreement, or pursuant to any stipulation between the United States and a State, shall be considered as compliance with section 6 (a) (4) hereof. Upon the termination of such agreement or stipulation by reason of the final settlement or adjudication of such controversy, if the lands subject to any mineral lease are determined to be in whole or in part lands subject to the provisions of this Act, the lessee, if he has not already done so, shall comply with the requirements of section 6 (a), and thereupon the provisions of section 6 (b) shall govern such lease. The notice concerning "Oil and Gas Operations in the Submerged Coastal Lands of the Gulf of Mexico" issued by the Secretary on December 11, 1950 (15 F. R. 8835), as amended by the notice dated January 26, 1951 (16 F. R. 953), and as supplemented by the notices dated February 2, 1951 (16 F. R. 1203), March 5, 1951 (16 F. R. 2195), April 23, 1951 (16 F. R. 3623), June 25, 1951 (16 F. R. 6404), August 22, 1951 (16 F. R. 8720), October 24, 1951 (16 F. R. 10998), December 21, 1951 (17 F. R. 43), March 25, 1952 (17 F. R. 2821), June 26, 1952 (17 F. R. 5833), and December 24, 1952 (18 F. R. 48), respectively, is hereby approved and confirmed.

Sec. 8. Leasing of Outer Continental Shelf.—

Bids.
Oil and gas leases.

(a) In order to meet the urgent need for further exploration and development of the oil and gas deposits of the submerged lands of the outer Continental Shelf, the Secretary is authorized to grant to the highest responsible qualified bidder by competitive bidding under regulations promulgated in advance, oil and gas leases on submerged lands of the outer Continental Shelf which are not covered by leases meeting the requirements of subsection (a) of section 6 of this Act. The bidding shall be (1) by sealed bids, and (2) at the discretion of the Secretary, on the basis of a cash bonus with a royalty fixed by the Secretary at not less than 12½ per centum in amount or value of the production saved, removed or sold, or on the basis of royalty, but at not less than the per centum above mentioned, with a cash bonus fixed by the Secretary.

(b) An oil and gas lease issued by the Secretary pursuant to this section shall (1) cover a compact area not exceeding five thousand seven hundred and sixty acres, as the Secretary may determine, (2) be for a period of five years and as long thereafter as oil or gas may be produced from the area in paying quantities, or drilling or well reworking operations as approved by the Secretary are conducted thereon, (3) require the payment of a royalty of not less than 12½ per centum, in the amount or value of the production saved, removed, or sold from the lease, and (4) contain such rental provisions and such other terms and provisions as the Secretary may prescribe at the time of offering the area for lease.

Sulphur leases.

(c) In order to meet the urgent need for further exploration and development of the sulphur deposits in the submerged lands of the outer Continental Shelf, the Secretary is authorized to grant to the qualified persons offering the highest cash bonuses on a basis of competitive bidding sulphur leases on submerged lands of the outer

Continental Shelf, which are not covered by leases which include sulphur and meet the requirements of subsection (a) of section 6 of this Act, and which sulphur leases shall be offered for bid by sealed bids and granted on separate leases from oil and gas leases, and for a separate consideration, and without priority or preference accorded to oil and gas lessees on the same area.

(d) A sulphur lease issued by the Secretary pursuant to this section shall (1) cover an area of such size and dimensions as the Secretary may determine, (2) be for a period of not more than ten years and so long thereafter as sulphur may be produced from the area in paying quantities or drilling, well reworking, plant construction, or other operations for the production of sulphur, as approved by the Secretary, are conducted thereon, (3) require the payment to the United States of such royalty as may be specified in the lease but not less than 5 per centum of the gross production or value of the sulphur at the wellhead, and (4) contain such rental provisions and such other terms and provisions as the Secretary may by regulation prescribe at the time of offering the area for lease.

Other mineral leases.

(e) The Secretary is authorized to grant to the qualified persons offering the highest cash bonuses on a basis of competitive bidding leases of any mineral other than oil,,gas, and sulphur in any area of the outer Continental Shelf not then under lease for such mineral upon such royalty, rental, and other terms and conditions as the Secretary may prescribe at the time of offering the area for lease.

Notices, publication.

(f) Notice of sale of leases, and the terms of bidding, authorized by this section shall be published at least thirty days before the date of sale in accordance with rules and regulations promulgated by the Secretary.

Deposits.

(g) All moneys paid to the Secretary for or under leases granted pursuant to this section shall be deposited in the Treasury in accordance with section 9 of this Act.

(h) The issuance of any lease by the Secretary pursuant to this Act, or the making of any interim arrangements by the Secretary pursuant to section 7 of this Act shall not prejudice the ultimate settlement or adjudication of the question as to whether or not the area involved is in the outer Continental Shelf.

Cancellation.

(i) The Secretary may cancel any lease obtained by fraud or misrepresentation.

(j) Any person complaining of a cancellation of a lease by the Secretary may have the Secretary's action reviewed in the United States District Court for the District of Columbia by filing a petition for review within sixty days after the Secretary takes such action.

Sec. 9. Disposition of Revenues.—

All rentals, royalties, and other sums paid to the Secretary or the Secretary of the Navy under any lease on the outer Continental Shelf for the period from June 5, 1950, to date, and thereafter shall be deposited in the Treasury of the United States and credited to miscellaneous receipts.

Sec. 10. Refunds.—

(a) Subject to the provisions of subsection (b) hereof, when it appears to the satisfaction of the Secretary that any person has made a payment to the United States in connection with any lease under this Act in excess of the amount he was lawfully required to pay, such excess shall be repaid without interest to such person or his legal representative, if a request for repayment of such excess is

filed with the Secretary within two years after the making of the payment, or within ninety days after the effective date of this Act. The Secretary shall certify the amounts of all such repayments to the Secretary of the Treasury, who is authorized and directed to make such repayments out of any moneys in the special account established under section 9 of this Act and to issue his warrant in settlement thereof.

Report to Congress.

(b) No refund of or credit for such excess payment shall be made until after the expiration of thirty days from the date upon which a report giving the name of the person to whom the refund or credit is to be made, the amount of such refund or credit, and a summary of the facts upon which the determination of the Secretary was made is submitted to the President of the Senate and the Speaker of the House of Representatives for transmittal to the appropriate legislative committee of each body, respectively: *Provided*, That if the Congress shall not be in session on the date of such submission or shall adjourn prior to the expiration of thirty days from the date of such submission, then such payment or credit shall not be made until thirty days after the opening day of the next succeeding session of Congress.

Sec. 11. Geological and Geophysical Explorations.—

Any agency of the United States and any person authorized by the Secretary may conduct geological and geophysical explorations in the outer Continental Shelf, which do not interfere with or endanger actual operations under any lease maintained or granted pursuant to this Act, and which are not unduly harmful to aquatic life in such area.

Sec. 12. Reservations.—

(a) The President of the United States may, from time to time, withdraw from disposition any of the unleased lands of the outer Continental Shelf.

War.

(b) In time of war, or when the President shall so prescribe, the United States shall have the right of first refusal to purchase at the market price all or any portion of any mineral produced from the outer Continental Shelf.

(c) All leases issued under this Act, and leases, the maintenance and operation of which are authorized under this Act, shall contain or be construed to contain a provision whereby authority is vested in the Secretary, upon a recommendation of the Secretary of Defense, during a state of war or national emergency declared by the Congress or the President of the United States after the effective date of this Act, to suspend operations under any lease; and all such leases shall contain or be construed to contain provisions for the payment of just compensation to the lessee whose operations are thus suspended.

National defense areas.

(d) The United States reserves and retains the right to designate by and through the Secretary of Defense, with the approval of the President, as areas restricted from exploration and operation that part of the outer Continental Shelf needed for national defense; and so long as such designation remains in effect no exploration or operations may be conducted on any part of the surface of such area except with the concurrence of the Secretary of Defense; and if operations or production under any lease theretofore issued on lands within any such restricted area shall be suspended, any payment of

rentals, minimum royalty, and royalty prescribed by such lease likewise shall be suspended during such period of suspension of operation and production, and the term of such lease shall be extended by adding thereto any such suspension period, and the United States shall be liable to the lessee for such compensation as is required to be paid under the Constitution of the United States.

Uranium, thorium, etc. 60 Stat. 760. 42 USC 1805.

(e) All uranium, thorium, and all other materials determined pursuant to paragraph (1) of subsection (b) of section 5 of the Atomic Energy Act of 1946, as amended, to be peculiarly essential to the production of fissionable material, contained, in whatever concentration, in deposits in the subsoil or seabed of the outer Continental Shelf are hereby reserved for the use of the United States.

Helium

(f) The United States reserves and retains the ownership of and the right to extract all helium, under such rules and regulations as shall be prescribed by the Secretary, contained in gas produced from any portion of the outer Continental Shelf which may be subject to any lease maintained or granted pursuant to this Act, but the helium shall be extracted from such gas so as to cause no substantial delay in the delivery of gas produced to the purchaser of such gas.

Sec. 13. Naval Petroleum Reserve Executive Order Repealed.—

18 F. R. 405.

Executive Order Numbered 10426, dated January 16, 1953, entitled "Setting Aside Submerged Lands of the Continental Shelf as a Naval Petroleum Reserve," is hereby revoked.

Sec. 14. Prior Claims Not Affected.—

Nothing herein contained shall affect such rights, if any, as may have been acquired under any law of the United States by any person in lands subject to this Act and such rights, if any, shall be governed by the law in effect at the time they may have been acquired: *Provided, however,* That nothing herein contained is intended or shall be construed as a finding, interpretation, or construction by the Congress that that the law under which such rights may be claimed in fact applies to the lands subject to this Act or authorizes or compels the granting of such rights in such lands, and that the determination of the applicability or effect of such law shall be unaffected by anything herein contained.

Sec. 15. Report by Secretary.—

As soon as practicable after the end of each fiscal year, the Secretary shall submit to the President of the Senate and the Speaker of the House of Representatives a report detailing the amounts of all moneys received and expended in connection with the administration of this Act during the preceding fiscal year.

Sec. 16. Appropriations.—

There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Sec. 17. Separability.—

If any provision of this Act, or any section, subsection, sentence, clause, phrase or individual word, or the application thereof to any person or circumstance is held invalid, the validity of the remainder of the Act and of the application of any such provision, section, subsection, sentence, clause, phrase or individual word to other persons and circumstances shall not be affected thereby.

Approved August 7, 1953.

Form 3380–1
(October 1969)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL AND GAS LEASE OF SUBMERGED LANDS
UNDER THE OUTER CONTINENTAL SHELF LANDS ACT

Office	
Serial Number	
Cash Bonus	
Rental Rate	
Minimum Royalty Rate	Royalty Rate

This lease is made and effective as of (hereinafter called the Effective Date) by and between the United States of America (hereinafter called the Lessor), by the , Bureau of Land Management, its authorized officer, and

(hereinafter called the Lessee). In consideration of the cash payment heretofore made by the Lessee to the Lessor and in consideration of the promises, terms, conditions and covenants contained herein, the parties hereto agree as follows:

Sec. 1. Statutes and Regulations. This lease is made pursuant to the Outer Continental Shelf Lands Act of August 7, 1953 (67 Stat. 462; 43 U.S.C. Secs. 1331, *et seq.*) (hereinafter called the Act). This lease is subject to all the provisions of the Act and to all the terms, conditions and requirements of the valid regulations promulgated by the Secretary of the Interior (hereinafter called the Secretary) thereunder in existence upon the effective date of this lease, all of which are incorporated herein and, by reference, made a part hereof. This lease shall also be subject to regulations hereafter issued by the Secretary pursuant to his authority under section 5(a)(1) of the Act to prescribe and amend at any time such rules and regulations as he may determine to be necessary and proper in order to provide for the prevention of waste and for the conservation of the natural resources of the Outer Continental Shelf, and for the protection of correlative rights therein, which regulations shall be deemed incorporated herein and, by reference, made a part hereof when promulgated.

Sec. 2. Rights of Lessee. The Lessor hereby grants and leases to the Lessee the exclusive right and privilege to drill for, mine, extract, remove and dispose of oil and gas deposits, except helium gas, in or under the following-described area of the Outer Continental Shelf of the United States:

containing approximately acres (hereinafter referred to as the leased area), together with:

(a) the nonexclusive right to conduct within the leased area geological and geophysical explorations in accordance with applicable regulations;

(b) the nonexclusive right to drill water wells within the leased area and to use water produced therefrom for operations pursuant to the Act free of cost, provided that such drilling is conducted in accordance with procedures approved by the Regional Oil and Gas Supervisor of the Geological Survey (hereinafter called the "Supervisor"); and

(c) the right to construct or erect and to maintain within the leased area all artificial islands, platforms, fixed or floating structures, sea walls, docks, dredged channels and spaces, buildings, plants, telegraph or telephone lines and cables, pipelines, reservoirs, tanks, pumping stations, and other works and structures necessary to the full enjoyment of the rights granted by this lease, subject to compliance with applicable laws and regulations.

Sec. 3. Obligations of Lessee. The Lessee agrees:

(a) *Rentals and royalties.* (1) To pay rentals and royalties as follows:

Rentals. With respect to each lease year commencing prior to a discovery of oil or gas on the leased area, to pay the Lessor on or before the first day of each such year, a rental of per acre or fraction thereof.

Minimum royalty. To pay the Lessor at the expiration of each lease year commencing after discovery a minimum royalty of per acre or fraction thereof or, if there is production, the difference between the actual royalty required to be paid with respect to such lease year and the prescribed minimum royalty, if the actual royalty paid is less than the minimum royalty.

Royalty on production. To pay the Lessor a royalty of percent in amount or value of production saved, removed, or sold from the leased area. Gas of all kinds (except helium and gas used for purposes of production from and operations upon the leased area or unavoidably lost) is subject to royalty.

(2) It is expressly agreed that the Secretary may establish minimum values for purposes of computing

royalty on products obtained from this lease, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, or area, to the price received by the Lessee, to posted prices, and to other relevant matters. Each such determination shall be made only after due notice to the Lessee and a reasonable opportunity has been afforded the Lessee to be heard.

(3) When paid in value, royalties on production shall be due and payable monthly on the last day of the month next following the month in which the production is obtained. When paid in production, such royalties shall be delivered at pipeline connections or in tanks provided by the Lessee. Such deliveries shall be made at reasonable times and intervals and, at the Lessor's option, shall be effected either (i) on or immediately adjacent to the leased area, without cost to the Lessor, or (ii) at a more convenient point closer to shore or on shore, in which event the Lessee shall be entitled to reimbursement for the reasonable cost of transporting the royalty substance to such delivery point. The Lessee shall not be required to provide storage for royalty taken in kind in excess of tankage required when royalty is paid in value. When payments are made in production the Lessee shall not be held liable for the loss or destruction of royalty oil or other liquid products in storage from causes over which the Lessee has no control.

(b) *Bonds.* To maintain at all times the bond required prior to the issuance of this lease and to furnish such additional security as may be required by the Lessor if, after operations or production have begun, the Lessor deems such additional security to be necessary.

(c) *Wells.* (1) To diligently drill and produce such wells as are necessary to protect the Lessor from loss by reason of production on other properties or, in lieu thereof, with the consent of the Supervisor, to pay a sum determined by the Supervisor as adequate to compensate the Lessor for failure to drill and produce any such well. In the event that this lease is not being maintained in force by other production of oil or gas in paying quantities or by other approved drilling or reworking operations, such payments shall be considered as the equivalent of production in paying quantities for all purposes of this lease.

(2) After due notice in writing, to diligently drill and produce such other wells as the Secretary may reasonably require in order that the leased area or any part thereof may be properly and timely developed and produced in accordance with good operating practice.

(3) At the election of the Lessee, to drill and produce other wells in conformity with any system of well spacing or production allotments affecting the area, field, or pool in which the leased area or any part thereof is situated, which is authorized or sanctioned by applicable law or by the Secretary.

(d) *Payments.* To make all payments to the Lessor by check, bank draft or money order payable as indicated herein unless otherwise provided by regulations or by direction of the Secretary. Rental, royalties, and other payments shall be made payable to the United States Geological Survey and tendered to the Supervisor, *except* that filing charges, bonuses, and first year's rental shall be made payable to the Bureau of Land Management and remitted to the Manager of the appropriate field office of that Bureau.

(e) *Inspection.* To keep open at all reasonable times for the inspection of any duly authorized representative of the Lessor, the leased area and all wells, improvements, machinery and fixtures thereon and all books, accounts, and records relative to operations and surveys or investigations on or with regard to the leased area or under the lease.

(f) *Conduct of operations.* To conduct all operations under this lease in accordance with applicable law and regulations.

(g) *Indemnification.* To indemnify and save the Lessor harmless against and from any and all claims of any nature whatever, including without limitation claims for loss or damage to property or injury to persons, caused by, or resulting from, any operation on the leased area conducted by or on behalf of the Lessee; provided that the Lessee shall not be held responsible to the Lessor under this subsection for any loss, damage, or injury caused by, or resulting from: (1) any negligent action of the Lessor other than the exercise or performance of (or the failure to exercise or perform) a discretionary function or duty on the part of a Federal agency or an employee of such an agency, whether or not the discretion involved is abused; or (2) the Lessee's compliance with an order or directive of the Lessor against which an appeal by the Lessee under 30 CFR 250.81 is filed before the cause of action for such a claim arises and is pursued diligently thereafter.

(h) *Equal Opportunity Clause.* The Lessee agrees that, during the performance of this lease:

(1) The Lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Lessee will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Lessor setting forth the provisions of this Equal Opportunity clause.

(2) The Lessee will, in all solicitations or advertisements for employees placed by or on behalf of the Lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(3) The Lessee will send to each labor union or representative of workers with which Lessee has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Lessor, advising the labor union or workers' representative of the Lessee's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Lessee will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Secretary of the Interior and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Lessee's noncompliance with the Equal Opportunity clause of this lease or with any of said rules, regulations, or orders, this lease may be canceled, terminated or suspended in whole or in part and the Lessee may be declared ineligible for further Federal government contracts or leases in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Lessee will include the provisions of Paragraphs (1) through (7) of this subsection 3(h) in

every contract, subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each contractor, subcontractor or vendor. The Lessee will take such action with respect to any contract, subcontract or purchase order as the Secretary may direct as a means of enforcing such provisions including sanctions for noncompliance; *provided, however*, that in the event the Lessee becomes involved in, or is threatened with, litigation with a contractor, subcontractor or vendor as a result of such direction by the Secretary, the Lessee may request the Lessor to enter into such litigation to protect the interests of the Lessor.

(i) *Certification of nonsegregated facilities.* By entering into this lease, the Lessee certifies that Lessee does not and will not maintain or provide for Lessee's employees any segregated facilities at any of Lessee's establishments, and that Lessee does not and will not permit Lessee's employees to perform their services at any location, under Lessee's control, where segregated facilities are maintained. The Lessee agrees that a breach of this certification is a violation of the Equal Opportunity clause in this lease. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. Lessee further agrees that (except where Lessee has obtained identical certifications from proposed contractors and subcontractors for specific time periods) Lessee will obtain identical certifications from proposed contractors and subcontractors prior to the award of contracts or subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity clause; that Lessee will retain such certifications in Lessee's files; and that Lessee will forward the following notice to such proposed contractors and subcontractors (except where the proposed contractor or subcontractor has submitted identical certifications for specific time periods). Notice to prospective contractors and subcontractors of requirement for certification of nonsegregated facilities. A Certification of Nonsegregated Facilities, as required by the May 9, 1967, order (32 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a contract or subcontract exceeding $10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

(j) *Assignment of lease.* To file for approval with the appropriate office of the Bureau of Land Management any instrument of transfer of this lease, or any interest therein, required to be filed under applicable regulations, within the time and in the manner prescribed by the applicable regulations.

Sec. 4. Term. This lease shall continue for a period of 5 years from the effective date of this lease and so long thereafter as oil or gas may be produced from the leased area in paying quantities, or drilling or well reworking operations, as approved by the Secretary, are conducted thereon.

Sec. 5. Cooperative or Unit Plan. Lessee agrees that, within 30 days after demand by Lessor, Lessee will subscribe to and operate under such cooperative or unit plan for the development and operation of the area, field, or pool, or part thereof, embracing lands subject to this lease as the Secretary may determine to be practicable and necessary or advisable in the interest of conservation. Where any provision of a cooperative or unit plan of development which has been approved by the Secretary, and which by its terms affects the leased area or any part thereof, is inconsistent with a provision of this lease, the provision of such cooperative or unit plan shall govern.

Sec. 6. Reservations to Lessor. All rights in the leased area not expressly granted to the Lessee by the Act, the regulations, or this lease are hereby reserved to the Lessor. Without limiting the generality of the foregoing, such reserved rights include:

(a) *Geological and geophysical exploration; rights-of-way.* The right to authorize the conduct of geological and geophysical exploration in the leased area which does not interfere with or endanger actual operations under this lease, and the right to grant such easements or rights-of-way upon, through, or in the leased area as may be necessary or appropriate to the working of other lands or to the treatment and shipment of products thereof by or under authority of the United States, its Lessees or Permittees.

(b) *Leases of sulfur and other minerals.* The right to grant leases of any mineral other than oil and gas within the leased area or any part thereof. No lease of other mineral shall authorize or permit the Lessee thereunder unreasonably to interfere with or endanger operations under this lease.

(c) *Purchase of production.* In time of war, or when the President of the United States shall so prescribe, the right of first refusal to purchase at the market price all or any portion of the oil or gas produced from the leased area, as provided in Section 12(b) of the Act.

(d) *Taking of royalties.* The right to determine whether royalty will be taken in the amount or the value of production.

(e) *Helium.* Pursuant to Section 12(f) of the Act, the ownership of and the right to extract helium from all gas produced under this lease.

(f) *Suspension of operations during war or national emergency.* Upon recommendation of the Secretary of Defense, during a state of war or national emergency declared by the Congress or President of the United States after August 7, 1953, the authority of the Secretary to suspend any or all operations under this lease, as provided in Section 12(c) of the Act. *Provided*, That just compensation shall be paid by the Lessor to the Lessee.

(g) *Restriction of exploration and operations.* The right, as provided in Section 12(d) of the Act, to restrict from exploration and operations the leased area or any part thereof which may be designated by and through the Secretary of Defense, with the approval of the President, as, or as part of, an area of the Outer Continental Shelf needed for national defense; and so long as such designation remains in effect no exploration or operations may be conducted on the surface of the leased area or the part thereof included within the designation except with the concurrence of the Secretary of Defense; and if operations or production under this lease within any such restricted area shall be suspended, any payments of rentals and royalty prescribed by this lease likewise shall be suspended during such period of suspension of operations and production, and the term of this lease shall be extended by adding thereto any such suspension period, and the Lessor shall be liable to the Lessee for such compensation as is required to be paid under the Constitution of the United States.

Sec. 7. Directional Drilling. A directional well drilled under the leased area from a surface location on nearby land not covered by this lease shall be deemed to have the same effect for all purposes of this lease as a well drilled from a surface location on the leased area. In such circumstances, drilling shall be considered to have

58-160 O - 71 - pt. 1 --21

been commenced on the leased area when drilling is commenced on the nearby land for the purpose of directionally drilling under the leased area, and production of oil or gas from the leased area through any directional well surfaced on nearby land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations (as the case may be) on the leased area for all purposes of this lease. Nothing contained in this paragraph is intended or shall be construed as granting to the Lessee any leasehold interests, licenses, easements, or other rights in or with respect to any such nearby land in addition to any such leasehold interests, licenses, easements, or other rights which the Lessee may have lawfully acquired under the Act or from the Lessor or others.

Sec. 8. Surrender of Lease. The Lessee may surrender this entire lease or any officially designated subdivision of the leased area by filing with the appropriate office of the Bureau of Land Management a written relinquishment, in *triplicate*, which shall be effective as of the date of filing. No surrender of this lease or of any portion of the leased area shall relieve the Lessee or his surety of the obligation to make payment of all accrued rentals and royalties or to abandon all wells on the area to be surrendered in a manner satisfactory to the Supervisor.

Sec. 9. Removal of property on termination of lease. Upon the termination of this lease in whole or in part, or the surrender of the lease in whole or in part, as herein provided, the Lessee shall within a period of 1 year thereafter remove from the premises no longer subject to the lease all structures, machinery, equipment, tools, and materials in accordance with applicable regulations and orders of the Supervisor; *provided, however*, that the Lessee may continue to maintain any such property on the leased area for whatever longer period it may be needed, as determined by the Supervisor, for producing wells or for drilling or producing on other leases.

Sec. 10. Remedies in case of default. (a) Whenever the Lessee fails to comply with any of the provisions of the Act, or of this lease, or of the regulations issued under the Act and in force and effect on the effective date of this lease, the lease shall be subject to cancellation in accordance with the provisions of Section 5(b) of the Act; *provided, however*, that the 30-day notice provision applicable to non-producing leases under Section 5(b)(1) of the Act shall also apply as a prerequisite to the institution of any legal action by the Lessor to cancel this lease while it is in a producing status. Nothing in this subsection shall be construed to apply to, or require any notice with respect to, any legal action instituted by the Lessor other than an action to cancel the lease pursuant to Section 5(b) of the Act.

(b) Whenever the Lessee fails to comply with any of the provisions of the Act, or of this lease, or of any regulations promulgated by the Secretary under the Act, the Lessor may exercise any legal or equitable remedy or remedies which the Lessor may have, including appropriate action under the penalty provisions of Section 5(a)(2) of the Act; *however*, the remedy of cancellation of the lease may be exercised only under the provisions of Section 5(b) and Section 8(i) of the Act.

(c) A waiver of any particular violation of the provisions of the Act, or of this lease, or of any regulations promulgated by the Secretary under the Act, shall not prevent the cancellation of this lease or the exercise of any other remedy or remedies under paragraphs (a) and (b) of this section by reason of any other such violation or for the same violation occurring at any other time.

Sec. 11. Heirs and successors in interest. Each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns, of the respective parties hereto.

Sec. 12. Unlawful interest. No member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, or either before or after he has qualified, and during his continuance in office, and no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(1), shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of Section 3741 of the Revised Statutes (41 U.S.C. Sec. 22), as amended, and Sections 431, 432, and 433 of Title 18 of the United States Code, relating to contracts made or entered into, or accepted by or on behalf of the United States, form a part of this lease so far as the same may be applicable.

THE UNITED STATES OF AMERICA

_____ By _____
(Signature of Lessee) (Authorized Officer)

_____ _____
(Signature of Lessee) (Title)

_____ _____
(Signature of Lessee) (Date)

_____ _____
(Signature of Lessee)

If this lease is executed by a corporation, it must bear the corporate seal.

Form 3380–7
(August 1968)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Cash bonus .....
Rental rate .....
Minimum royalty rate .....
Royalty rate .....

Office .....

Serial .....

SULFUR LEASE UNDER THE OUTER CONTINENTAL SHELF LANDS ACT

This indenture of lease entered into and effective as of ....., by and between the United States of America, hereinafter called the lessor, by the Director, Bureau of Land Management, and

hereinafter called the lessee, under, pursuant and subject to the terms and provisions of the Outer Continental Shelf Lands Act of August 7, 1953 (67 Stat. 462; 43 U. S. C., sec. 1331, *et seq.*), hereinafter referred to as the Act, which is made a part hereof, and to all lawful and reasonable regulations of the Secretary of the Interior (hereinafter referred to as the Secretary) when not inconsistent with any express and specific provisions herein, which are made a part hereof:

WITNESSETH:

SECTION 1. *Rights of lessee.*—That the lessor, in consideration of a cash bonus and of the rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, does hereby grant and lease to the lessee the exclusive right and privilege to drill for, mine, remove, and dispose of all the sulfur deposits in, upon, or under the following-described area of the outer Continental Shelf (as that term is defined in the Act):

containing ..... acres, more or less (hereinafter referred to as the leased area), together with:

(*a*) the non-exclusive right to conduct within the leased area geological and geophysical explorations which are not unduly harmful to aquatic life;

(*b*) the right to drill water wells within the leased area and to use free of cost, and to dispose of, water produced from such wells; and

(*c*) the right to construct or erect and to maintain within the leased area all artificial islands, fixed structures, sea walls, docks, dredged channels and spaces, buildings, plants, telegraph or telephone lines and cables, pipelines, reservoirs, tanks, pumping stations, and other works and structures necessary or convenient to the full enjoyment of the rights granted by this lease, for a period of 10 years and so long thereafter as sulfur is being produced from the leased area or drilling, well reworking, plant construction, or other operations for the production of sulfur, as approved by the Secretary, are being conducted thereon; subject to any unit agreement heretofore or hereafter approved by the Secretary, the provisions of said agreement to govern the leased area or part thereof subject thereto where inconsistent with the terms of this lease.

SEC. 2. *Obligations of lessee.*—In consideration of the foregoing, the lessee agrees:

(*a*) *Bond.*—To maintain at all times the bond required prior to the issuance of this lease and to furnish such additional security as may be required by the lessor if, after operations or production have begun, the lessor deems such additional security to be necessary.

(*b*) *Royalty.*—To pay the lessor a royalty of ..... percent of the gross value at the wellhead of the sulfur produced. Such royalty shall be paid monthly in value or delivered in kind at the option of the lessor. It is expressly agreed that the Secretary may establish reasonable minimum values for purposes of computing royalty on any sulfur, due consideration being given to the highest price paid for a part or a majority of the production of like quality from the same general area, to the price received by the lessee, to posted prices, and other relevant matters, and, whenever appropriate, after notice and opportunity to be heard. When paid in value, such royalty on production shall be due and payable monthly on the last day of the calendar month following the calendar month in which the production is obtained. When paid in kind, such royalty shall be delivered in merchantable condition at the point of shipment from the lease.

Such deliveries shall be made at reasonable times and intervals and, at the lessee's option, shall be effected either (i) on or immediately adjacent to the leased area, without cost to the lessor, or (ii) at a more convenient point closer to shore or on shore, in which event the lessee shall be entitled to reimbursement for the reasonable cost of transporting the royalty substance to such delivery point. In no case shall the lessee be required to hold sulfur in storage beyond the last day of the calendar month next following the month in which produced nor be responsible or held liable for the loss or destruction of sulfur in storage from causes over which the lessee has no control.

(*c*) *Rentals.*—To pay the lessor on or before the first day of each lease year commencing prior to a discovery of sulfur on the leased area, a rental of ..... per acre or fraction thereof.

(*d*) *Minimum royalty.*—To pay the lessor in lieu of rental at the expiration of each lease year commencing after discovery a minimum royalty of ..... per acre or fraction thereof or, if there is production, the difference between the actual royalty paid during the year and the prescribed minimum royalty, if the actual royalty paid is less than the minimum royalty.

(*e*) *Payments.*—Unless otherwise provided by regulation or directed by the Secretary, to make rental, royalty, or other payments to the lessor, to the order of the Treasurer of the United States, and to tender such payments to the oil and gas supervisor, Geological Survey.

(*f*) *Freedom of purchase.*—To accord all workmen and employees directly engaged in operations under this lease complete freedom of purchase.

(*g*) *Statements, plats, and reports.*—At such times and in such form as the lessor may prescribe, to furnish detailed statements and reports showing the amounts and quality of all products saved, removed, and sold from the leased area, the proceeds therefrom, and the amount used for production purposes or unavoidably lost; also a plat showing development work or improvements on or with regard to the leased area.

(*h*) *Diligence; prevention of waste; health and safety of workmen.*—To develop and produce in commercial quantities, with reasonable diligence, skill and care in the operation of the property, the sulfur susceptible of such production in the leased area; to carry out, at the expense of the lessee, all reasonable orders of the lessor issued in pursuance of the operating regulations; to carry on all mining, reducing, refining, and other operations in accordance with approved methods and practice and in conformity with the operating regulations; to take all reasonable precaution to prevent damage to mineral deposits, injury to life, health, or property, or economic waste; to observe all laws relative to the health and safety of workmen and employees; and to provide access at all times to mining and related productive operations for examination and inspection by authorized representatives of the lessor.

(*i*) *Assignment of lease.*—To file for approval with the Bureau of Land Management, within 90 days from the date of final execution, any instrument of transfer of this lease, or any interest therein, including assignments of record title, operating agreements, and subleases. Carried working interests, overriding royalty interests, or payments out of production, may be created or transferred without requirement for filing or approval. Instruments required to be filed shall take effect upon approval as of the first day of the lease month following the date of filing unless at the request of the parties an earlier date is specified in such approval.

(*j*) *Waiver of rentals and royalties.*—Rentals or minimum royalties may be reduced and royalties on the entire leasehold or any

16—70679-1

deposit, tract, or portion thereof segregated for royalty purposes may be reduced if the Secretary finds that, for the purpose of increasing the ultimate recovery of sulfur and in the interest of conservation of natural resources, it is necessary, in his judgment, to do so in order to promote development, or because the lease cannot be successfully operated under the terms fixed herein.

(4) Equal Opportunity clause. During the performance of this contract the lessee agrees as follows:

(1) The lessee will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The lessee will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

(2) The lessee will, in all solicitations or advertisements for employees placed by or on behalf of the lessee, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

(3) The lessee will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the lessee's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The lessee will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the lessee's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the lessee may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The lessee will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The lessee will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: *Provided, however,* That in the event the lessee becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the lessee may request the United States to enter into such litigation to protect the interests of the United States.

Sec. 3. *Reservation to lessor.* The lessor expressly reserves:

(a) Geological and geophysical exploration; rights-of-way. The right to authorize the conduct of geological and geophysical exploration in the leased area which does not interfere with or endanger actual operations under this lease, and the right to grant such easements or rights-of-way, upon, through, or in the leased area as may be necessary to the working of other lands containing the deposits described in the Act, and to the treatment and shipment of products thereof by or under authority of the United States, its lessees or permittees, and for other public purposes, subject to the provisions of Section 5(c) of the Act where they are applicable and to all lawful and reasonable regulations and conditions prescribed by the Secretary thereunder.

(b) Leases of other minerals. The right to grant leases of any mineral other than sulfur within the leased area or any part thereof, subject to the provisions of Section 8(c), (d), and (e) of the Act and all lawful and reasonable regulations prescribed by the Secretary thereunder, *Provided,* That no such mineral lease shall authorize or permit the lessee thereunder unreasonably to interfere with or endanger operations under this lease.

(c) Purchase of production. In time of war, or when the President shall so prescribe, the right of first refusal to purchase all or any of the sulfur produced from the leased area at the point of shipment to market at the prevailing market prices as determined by the Secretary.

(d) Suspension of operations during war or national emergency. Upon recommendation of the Secretary of Defense, during a state of war or national emergency declared by the Congress or President of the United States after August 7, 1953, the authority of the Secretary of the Interior to suspend any of all operations under this lease, as provided in Section 12(c) of the Act: *Provided,* That just compensation shall be paid by the lessor to the lessee.

(e) Restriction of exploration and operations. The right, as provided in Section 12(d) of the Act, to restrict from exploration and operations the leased area or any part thereof which may be designated by and through the Secretary of Defense, with the approval of the President, as, or as part of, an area of the Outer Continental Shelf needed for national defense, and so long as such designation remains in effect no exploration or operations may be conducted on the surface of the leased area or the part thereof included within the designation except with the concurrence of the Secretary of Defense; and if operations or production under this lease within any such restricted area shall be suspended, any payments of rentals, minimum royalty, and royalty prescribed by this lease likewise shall be suspended during such period of suspension of operations and production, and the term of this lease shall be extended by adding thereto any such suspension period, and the lessor shall be liable to the lessee for such compensation as is required to be paid under the Constitution of the United States.

Sec. 4. *Directional drilling.* This lease may be maintained in force by directional wells drilled under the leased area from surface locations on adjacent or adjoining lands not covered by this lease. In such circumstances, drilling shall be considered to have been commenced on the leased area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the leased area, and production of sulfur from the leased area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations (as the case may be) on the leased area for all purposes of this lease. Nothing contained in this paragraph is intended or shall be construed as granting to the lessee any leasehold interests, licenses, easements, or other rights in or with respect to such adjacent or adjoining land in addition to any such leasehold interests, licenses, easements or other rights which the lessee may have lawfully acquired under the Act or from the lessor or others.

Sec. 5. *Surrender and termination of lease.* The lessee may surrender this entire lease or any officially designated subdivision of the leased area by filing with the Bureau of Land Management, a written relinquishment, in *triplicate*, which shall be effective as of the date of filing, subject to the continued obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to abandon all wells or workings on the area to be relinquished.

Sec. 6. *Removal of property on termination of lease.* Upon the expiration of this lease, or the earlier termination thereof as herein provided, the lessee shall within a period of one year thereafter remove from the premises all structures, machinery, equipment, tools, and materials other than improvements needed for producing wells or for drilling or producing other leases and other property permitted by the lessor to be maintained on the area.

Sec. 7. *Proceedings in case of default.* If the lessee fails to comply with any of the provisions of the Act or this lease or the applicable regulations in force on the date of issuance of this lease and such default continues for a period of 30 days after service by registered mail of notice thereof upon the lessee, this lease may be cancelled by the Secretary in accordance with Section 5(b)(1) of the Act, if the lease is not producing at the time of default. If the lease is producing at that time, it may be cancelled only by judicial proceedings in the manner provided in Section 5(b)(2) of the Act. These provisions shall not be construed to prevent the exercise by the lessor of any legal or equitable remedy which the lessor might otherwise have. A waiver of any particular default shall not prevent the cancellation of this lease or the exercise of any other remedy the lessor may have by reason of any other cause or for the same cause occurring at any other time.

Sec. 8. *Heirs and successors in interest.* Each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 9. *Unlawful interest.* No Member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, or either before or after he has qualified, and during his continuance in office, and no officer, agent, or employee of the Department of the Interior, other than members of the district advisory boards appointed in accordance with Section 18 of the Taylor Grazing Act, (53 Stat. 1002, 43 U.S.C. Sec. 315c–1) shall be admitted to any share or part in this lease, or derive any benefit that may arise therefrom, and the provisions of Section 3741 of the Revised Statutes (41 U.S.C. Sec. 22) and (18 U.S.C. Secs. 431–433), relating to contracts, enter into and form a part of this lease so far as the same may be applicable.

THE UNITED STATES OF AMERICA

_____
(Authorized Officer)

By _____
(Signature)

_____
(Title)

_____
(Date)

_____
(Signature of Lessee)

_____
(Signature of Lessee)

_____
(Signature of Lessee)

If this lease is executed by a corporation, it must bear the corporate seal

COST OF SANTA BARBARA OIL SPILL CLEANUP

Mr. McDade. Do I infer from your statement, for example, in the Santa Barbara oil spill there was no cost to the Government for cleanup?

Mr. Loesch. No, I don't think that is entirely true. There were some supervisory expenses to the Government.

Mr. McDade. What was the cost to the Government of the Santa Barbara oil spill? Do you have it here?

Mr. Rasmussen. $322,198 was spent by the Government in connection with the Santa Barbara oil spill.

Mrs. Hansen. Mr. Rasmussen, what Bureau paid for those costs?

Mr. Rasmussen. I think most of this was Geological Survey.

Mrs. Hansen. The funds must have been reprogramed from ongoing programs because I didn't receive a supplemental request for this item. So you decreased the Geological Survey's regular operating budget to pay for the $322,198 of cleanup costs? Why was the Geological Survey required to pay for these costs?

Mr. Loesch. I assume because it is the supervising agency.

Mrs. Hansen. This is the point. If you have to assume the liability, it is my contention, and I am sure I am joined by the committee, that you should have the utmost information prior to leasing that is possibly available.

Does the committee agree on this point?

Mr. McDade. I am sure we do.

Is there effort being made to recover that amount of money from the company that was responsible for the spill?

Mr. Loesch. No.

Mrs. Hansen. Why?

Mr. Loesch. My understanding is that our very strict regulations—and you will also remember the other issue as to absolute liability that was being discussed a year or more ago—were developed as a result of this spill. I don't think anybody anticipated the spill, of course, and I imagine it was just a catch-as-catch-can operation to pay the costs that we had to incur in connection with the spill.

Recognize there was a great deal more costs to that spill than this $322,198, and that the company did pay the great bulk of the expense of cleaning up that spill.

Mrs. Hansen. Do you know how much they paid?

Mr. Loesch. I presume we have that figure somewhere.

Mrs. Hansen. Please insert in the record the total cost of the Santa Barbara oil spill.

(The information follows:)

Total Cost of Santa Barbara Oil Spill

Organization		Costs
Union Oil Company on behalf of itself and Three partners - Gulf, Mobil, & Texaco		
A. Beach Cleanup	$4,887,000	
B. Oil Well control efforts	3,600,000	
C. Oil collection efforts	2,000,000	
		$10,487,000[a/]
State of California		200,000[a/]
County of Santa Barbara		57,000[a/]
Department of Interior		
Commercial Fisheries	$ 11,000	
Geological Survey	160,000	
Solicitor	48,000	
Sport Fish and Wildlife	19,000	
Federal Water Quality Adm.	80,000	
Office of Secretary	4,000	
		322,000[b/]
Total Costs		$11,066,000

a/ Source of costs - A paper prepared for the Santa Barbara Oil Symposium University of California, Santa Barbara December 16-18, 1970 by Walter J. Mead, Professor of Economics, University of California, Santa Barbara and Philip E. Sorensen, Associate Professor of Economics, Florida State University.

b/ The cost to the Department of Interior was due primarily to increased surveillance of oil spill and operations, preparation of reports on the blowout and oil spill, and seismic work to determine the geologic profile necessary for preparation of final report.

RESPONSIBILITY FOR CLEANUP OF OIL SPILL

Mr. McDade. We discussed yesterday in talking about the Santa Barbara Channel, this issue of liability. If we have an oil spill tomorrow who is responsible for cleanup costs? Is there a hard-and-fast rule?

Mr. Loesch. Yes, sir.

Mr. McDade. Tell me about it.

Mr. Loesch. The chairman has already asked we put the regulations in.

Mrs. Hansen. These are old leases. Are there provisions in the old leases or will the new departmental regulations cover it?

Mr. Loesch. The old leases are subject to the new department regulations. The new regulations on liability for cleanup costs were merely for the purpose of clarifying existing liability.

Mr. Wyatt. If you will yield, the exact question is whether regulations can be superimposed over existing leases entered into in February 1968 as far as imposing liability that might not otherwise exist.

Mrs. Hansen. That is right.

Mr. McDade. Let me talk specifically about the lease entered into on the 15th of December 1970, which was the last one entered into.

Have we covered this problem in that lease?

Mr. Loesch. Yes, sir.

Mr. McDade. In what way?

Mr. Loesch. By the regulations.

Mr. McDade. And the regulations in essence on this question provide what?

Mr. Loesch. Provide that for any spills all expenses are borne by the leasee.

Mr. McDade. There is absolute liability on the part of the leasee?

Mr. Loesch. That is correct.

Mr. McDade. We want the official position of the Department. Even though you supply the lease and regulations and any background information, what we want to know is the answer to the question, yes or no, whether or not on the last lease initiated the 15th of December 1970, there is absolute liability on the part of leasee for cleanup costs in event of a spill or other catastrophe?

Mr. Loesch. Yes; there is.

Mr. McDade. Amplify it for the record.

With the leases that are outstanding, the great bulk of which were entered into prior to that, as Mr. Wyatt pointed out, and the question is whether or not you can change those leases. Are you making any effort to change them?

Mr. Loesch. Not to my knowledge.

Mrs. Hansen. Why?

Mr. Loesch. I don't know. I would say probably because the regulation in existence at the time the Santa Barbara leases were issued made the leasees absolutely liable for cleanup. The rewording of the cleanup regulations in 1969 was done to clarify existing liability.

CANCELLATION OF LEASES

Mrs. HANSEN. Do you have any provisions in the leases that provide for cancellation?

Mr. LOESCH. No; I don't believe so.

Mrs. HANSEN. Why?

Mr. MCDADE. You have no power at all to terminate any existing lease?

Mr. LOESCH. Yes.

Mr. MCDADE. Under what conditions?

Mr. LOESCH. For violation of lease terms. For instance, suppose they don't carry out their rental payments or whatever?

Mr. MCDADE. Suppose they don't live up to what might be newly imposed or newly developed standards of safety as a result of the Santa Barbara spill. Have you got authority under those circumstances to terminate?

Mr. LOESCH. Yes, but it is subject to judicial review if the lease is in a nonproducing category. If the lease is in a producing category, we can only cancel by initiating Federal court action.

Mr. RASMUSSEN. U.S. Geological Survey makes recommendations on cancellation of leases.

Mrs. HANSEN. But the BLM initiates the terms of the leases?

Mr. RASMUSSEN. Right.

Mrs. HANSEN. So the question of whether or not there are grounds for termination would depend on the leases. I am trying to find out whether or not the Bureau of Land Management has taken any action or is able to take any action concerning termination.

Mr. LOESCH. The leases themselves carry the provisions that all regulations are part of them and it also carries a catchall provision that the lease will also be subject to future regulations governing prevention of waste and for the conservation of natural resources of the Outer Continental Shelf and for the protection of correlative rights therein.

TIME LIMITATION ON OCS LEASES

Mrs. HANSEN. Do these leases expire after a certain date?

Mr. LOESCH. Oil and gas leases expire in 5 years or at the end of production. If production is going on at the end of 5 years they continue for the term of production.

DROP IN FISCAL YEAR 1972 OCS RECEIPTS

Mr. MCDADE. Let me pursue this now.

I notice in your receipts, for example, that you indicate—I am looking at page 5 of the justifications—"Mineral Leasing, Outer Continental Shelf," the estimate for 1972 drops to $190 million from the fiscal year 1971 estimate which was $1.072 billion. It is about a billion dollar drop in revenue. Why?

Mr. LOESCH. That is because the $190 million we have estimated for 1972 is only the prospective royalties that we can see; and since there is presently not scheduled a lease sale, we have not estimated any bonus

payments for fiscal year 1972. That doesn't necessarily mean that we will not get them.

Mr. McDade. Why the billion dollars in 1971? Is that a bonus payment?

Mr. Loesch. Most of it.

BONUS PAYMENT

Mr. McDade. Tell me what you mean by bonus payment. Define it for me.

Mr. Loesch. That is the amount that the companies pay for the leases that they are bidding on at these lease sales. We have received $845 million in round figures in the December sale, which represented the high bids on 116 of the 127 tracts we put up for sale. That $845 million, of course, appears as a 1971 receipt.

Mr. Hastey. That is right.

Mrs. Hansen. How are the funds distributed?

Mr. Hastey. $27 million went into escrow and $818 million went to the general fund of the Treasury.

Mr. McDade. Is this $845 million you referred to as bonus payment the purchase price for the 116 tracts?

Mr. Loesch. Right.

ROYALTY PAYMENT

Mr. McDade. There is a royalty payment in addition, isn't there?

Mr. Loesch. Yes, upon production. You understand when the lease sale is made there is no development on any of the tracts put up for sale. Following the sale and the issuance of the lease, the company goes and explores. If they hit oil, the Government receives a royalty.

Mr. McDade. That is what this $190 million figure is?

Mr. Loesch. Yes.

Mr. McDade. Royalty only?

Mr. Loesch. Yes.

FISCAL YEAR 1972 OCS SALES

While we have a prospectus out for a fiscal year 1972 sale off the East Louisiana coast, we are unable to estimate the bonus payments because we have not yet developed the information on what they might come to. I might say we were surprised by the extent of the bonus payments in the December sale.

Mr. McDade. What this income account reflects, the $190 million is royalty from all of the producing wells producing for the past 10 years?

Mr. Loesch. That is money we can see coming from royalties based on present production.

Mr. McDade. As opposed to the sale for the tracts, which is done in a given year?

Mr. Loesch. Right.

Mr. McDade Thank you.

Mrs. Hansen. Mr. Obey.

Mr. Obey. Mr. McDade has taken care of most of my questions. I have two others.

PROSPECTUS FOR FISCAL YEAR 1972 SALES

First of all, you said you are developing a prospectus for 1972 sales?

Mr. LOESCH. Yes.

Mr. OBEY. Can you give us any idea how many acres you are thinking about at this time?

Mr. LOESCH. What we have really done is call for nominations. This way we initiate the sale process.

OCS SALE PROCESS

Mrs. HANSEN. Please explain this procedure for us.

Mr. LOESCH. The way it is basically done is that you place in the Federal Register a notice that the Bureau of Land Management is considering the possibility of a sale in a particular area and will accept nominations from the oil companies who are interested in specific tracts within the general area where we intend to have the sale. The companies nominate the tracts that they are interested in.

The Geological Survey and the Bureau survey the nominations that are made. I don't mean survey in a technical sense. We consider the nominations that are made and may put all, some, or maybe none of those nominated tracts in the sale. We may, at Geological Survey's advice and so on, put up tracts in the same general area which were not nominated, as well.

Does that answer your question?

Mr. OBEY. Yes.

ADDITIONAL INFORMATION IN AREAS WHERE THERE ARE REPEATED OIL SPILLS

Mrs. HANSEN. Is it the policy of the Department of the Interior if you have had repeated oil spills in an area, such as Santa Barbara, that those tracts are not offered again for lease until more information is acquired?

Mr. LOESCH. Yes, that is the policy.

Let me back up a minute. Historically, this occurred before I showed up around here. At the time that the Santa Barbara sale was held in 1968, it was contemplated that there would be another sale in the same area or perhaps more than one sale in the same area as followup to that original sale. This hasn't occurred and I would be surprised if it did occur within the near future.

GEOLOGICAL INFORMATION

Mr. OBEY. In line with something Mr. Rasmussen said last year about the need of the Government's leaning on the companies for information, how much better position are we going to be in in 1972, if you sell anything in 1971, than we are in now in that regard?

Mr. LOESCH. Every time we have a sale in an area and every time a well is drilled in that area, we gain information. I couldn't say that we or the Geological Survey are going to have all possible information about a particular area in 1972. If we have such a sale, it's going to be a Gulf sale. Over the years from previous sales and previous

experience, information from industry, and so forth, we develop more knowledge.

Mr. OBEY. How reliant will you still be? Say you have a sale in that period of time. How reliant will you be on industry for your information?

Mr. LOESCH. We will be for the foreseeable future.

Mrs. HANSEN. That is a question you will have to ask the Geological Survey, because they have the geological background and expertise.

TECHNOLOGY IN PREVENTING OIL SPILLS

Mr. OBEY. You mentioned that you thought technology in some instances existed and was not being applied, for instance, under the maintenance of wells. Could you give us, either now or for the record, any examples of the kinds of things you are talking about?

Mr. LOESCH. Yes. The fire in the Gulf last year was certainly more severe than it would otherwise have been because of the absence of the safety chokes, which simply had been removed. I very seriously question, considering the magnitude of fines that have been levied on the companies involved—both the one that had the fire and others where the violations have been found—whether that will occur again. I think we have attracted industry's attention, but by and large, the industry is responsive, too.

These things apparently sort of grow up like Topsy and nobody pays any attention for a while until something bad happens.

I really don't expect industry to be careless in the future, the way it has been in the past.

RESEARCH IN OIL SPILL CLEANUP

Mr. OBEY. What about the cleanup itself? What, if anything, are we requiring on the part of the companies in terms of research by them in improving technology for cleanup?

Mr. LOESCH. Congressman, I don't think we can require industrial research of that kind.

Mrs. HANSEN. You can do this by not granting leases until the research is done.

Mr. LOESCH. You mean by not having sales?

Mrs. HANSEN. That is right.

Mr. LOESCH. Yes. But we can get the same point, it seems to me—and this is certainly the present philosophy—by making such strict regulations and leases and requiring absolute liability for spills that for their own survival they will do all they can to make sure not only that a spill doesn't occur but that the public and the Government doesn't get on their backs if a spill does occur, which means prompt and efficient cleanup.

Mr. OBEY. I know there is a great sensitivity on this point because of the power shortages around the country. I am not about to shut the country down because of power shortage. But it seems to me the Government has an awfully strong card in its hand which it can use. If these oil reserves are so badly needed that we are willing to drill for offshore before we have the kinds of technology which some people think we ought to have, it would seem to me that we at least ought

to be able to require these companies to invest substantially more in research than they are investing now. I don't think the Government ought to have to carry the whole load. I know they are not carrying the whole load, but I am not satisfied either that those companies are carrying nearly the share of the load they ought to be carrying.

Mr. LOESCH. Again, this whole discussion really is sort of out of our field.

Mr. OBEY. I understand that, but because of the leasing authority, I am interested in what your feelings are.

Mrs. HANSEN. The Bureau of Land Management can issue leases, but they have to do it upon the advice and counsel of the Geological Survey. The committee has in years past taken a dismal view that the budget requests for the Geological Survey have not provided adequate funds necessary to develop proper leasing technology.

Mr. LOESCH. From a philosophical standpoint, without regard to present policy, I certainly could comment that it seems like an anomaly that the Government should have to rely on industry-developed information.

DEFINITION OF OCS SALE

Mrs. HANSEN. Mr. Galifianakis?

Mr. GALIFIANAKIS. I was interested in the line of questioning that Mr. McDade and Mr. Wyatt had developed. I wanted a bit of clarification. When you make reference to a sale, do you mean an outright sale of the tract forever? Or are you talking about the sale of the minerals and the oil?

Mr. LOESCH. It is a lease sale of mineral rights. What we do is put up a set of tracts for leasing and sell those leases to the highest bidder, so we call it a lease sale.

OCS LEASE

Mr. GALIFIANAKIS. Madam Chairman, did I understand that you had requested that a sample lease be put in the record?

Mrs. HANSEN. Yes.

Mr. GALIFIANAKIS. Are the provisions of the lease that you are going to insert standard for all leases?

Mrs. HANSEN. You previously testified that the 1970 leases are different than those of 1968.

Mr. RASMUSSEN. They are standard though.

Mrs. HANSEN. You make sure the insert reflects any changes in the leases in 1970 from 1968.

Mr. GALIFIANAKIS. These are the legal niceties. Really, I think the legal niceties are the important things for us to know in this particular instance, so we would know how to revise legislation. For example, under the old leases, is the law incorporated by reference? I take it under the new leases the law is incorporated by reference. Do the regulations now provide for absolute liability? Is that what you said?

Mr. LOESCH. Yes.

Mrs. HANSEN. Bear in mind, this is not a legislative committee. We cannot recommend legislation or put legislation into effect. It's specifically barred by House rules.

Mr. LOESCH. While we are discussing this, Madam Chairman, I should insert the fact that in addition to the BLM regular leasings, Geological Survey has operating regulations under which it supervises the operation of the leases after the sale is made.

Mrs. HANSEN. It is the committee's intention to make sure that Government funds are reimbursed.

It is also the committee's policy that we take a dismal view of using funds for the regular operating budget of the Geological Survey to pay oil cleanup costs.

Mr. WYATT. Madam Chairman, will you yield at that point?

Mrs. HANSEN. Yes.

Mr. WYATT. I am curious about the $300,000 to $350,000 expended by the Government in the cleanup. I understand that this is an emergency situation, whatever the amount may be.

Maybe this is a question better addressed to the Geological Survey, but I am wondering whether or not this money can be spent without getting either a supplemental appropriation bill or a reprograming authority from the Appropriations Committee?

Mr. LOESCH. First, Mr. Wyatt, let me clarify a little bit. What our footnote in our justification says is in addition, $322,198 was spent on the Santa Barbara oil spill by the Department. I am not at all sure that $1 of that money was spent on cleanup.

Mrs. HANSEN. How did you spend the funds?

Mr. LOESCH. We have promised to put in the record for you all the information we can get on this. I would guess the great bulk of that money was spent on more people for better supervision for checking out the other leases besides the one where the spill occurred and for all the emergency supervisory functions.

(Discussion off the record.)

Mr. WYATT. May I go back on the record? I am concerned really about the methodology in the Department. It may be better to bring it up with the Geological Survey but I don't want to have this question slip between the cracks in the floor. Does the Department have flexibility enough, without coming in with a supplemental appropriations bill, and without coming in for reprograming authority, to find $322,198 for whatever emergency purpose it may be? If so, I would like to know what the extent of that flexibility is?

Mrs. HANSEN. I think you have to ask the Geological Survey that question.

Mr. LOESCH. Yes; you would have to ask them on that.

Mrs. HANSEN. I would say that if your budget were honest, you would not have enough funds for extra expenditures unless you shortchanged other ongoing programs.

Mr. LOESCH. I don't know about that.

Mrs. HANSEN. Customarily, it is the procedure to either request a reprograming or a supplemental appropriation.

Mr. WYATT. I am going to pursue that further with the Geological Survey.

Mrs. HANSEN. Isn't this correct, Mr. Wiles?

Mr. WILES. I am not sure. This happened some time ago. But I will check that.

Mr. WYATT. They may have spent substantial moneys for supervision.

Mr. WILES. I would like to check that out.

Mrs. HANSEN. Please insert the information in the record.

Mr. WILES. I will do that.

(The information follows:)

DEPARTMENT OF THE INTERIOR

Expenses Incurred in Connection with the

Santa Barbara Channel Oil Spill of 1969

Interior Bureau	Type of Expense: Salaries	Travel and Per Diem	Other	Total
Geological Survey.....	$102,389	$15,321	$42,547	$160,257
Federal Water Quality Administration 1/.....	42,600	16,900	20,500	80,000
Office of the Solicitor...	47,000	1,450	---	48,450
Office of the Secretary...	2,234	1,391	---	3,625
Sport Fisheries & Wildlife	14,917	561	3,651	19,129
Commercial Fisheries 2/...	5,600	543	4,594	10,737
Total.....	$214,740	$36,166	$71,292	$322,198

1/ Transferred December 5, 1970, to Environmental Protection Agency.

2/ Transferred October 3, 1970, to National Oceanic and Atomospheric Administration.

Mrs. HANSEN. I think this is important. I assumed the Geological Survey didn't have extra funds in their budget last year to fund this activity without shortchanging other programs.

Mr. GALIFIANAKIS. If the Geological Survey expended the money, we would like to know by what budgetary gymnastics they expended it.

Mrs. HANSEN. Did the Federal Water Quality Administration provide the funds by transfer?

Mr. WILES. I am pretty sure it was from the Federal Water Quality Administration.

DECEMBER 1970 OCS LEASE SALES

Mr. WYATT. Madam Chairman, before we move on to another subject, I have a couple of questions: Were all the December sales completed, Mr. Secretary? Have they been executed?

Mr. LOESCH. Maybe I better explain. There were 127 tracts put up for lease. Of those the bids on 116 tracts were accepted and executed. On the other 11 tracts the bids were not considered appropriate and were simply turned down.

Mr. WYATT. The amounts were not responsive to your evaluations?

Mr. LOESCH. Exactly. As to those tracts, of course they remained unleased and can be placed for sale again.

Mr. WYATT. They have to be readvertised, and so forth?

Mr. LOESCH. Yes. It would have to be the whole drill. Depending on the geology of the area. It's possible that some of the tracts that were not sold would be sold later in a drainage sale of the wildcat area.

OCS LEASE RESPONSIBILITY

Mr. WYATT. One other question. BLM has the responsibility of entering into the leases and the Geological Survey is the operating agency of the leases, as far as the Government is concerned.

Which agency determines whether or not there is ever any basis for canceling, as far as the Government is concerned? Or if there is a breach of any existing contract?

Mr. LOESCH. The ultimate responsibility for that is on BLM. It is the leasing agency, so it is also the canceling agency.

If the lease were breached by reason of failure of the company to follow the operating regulations USGS would recommend to BLM that some action be taken.

Mr. WYATT. They make the recommendation to you to cancel it and take whatever appropriate action was indicated?

Mr. LOESCH. Right.

Mr. WYATT. But if it's just strictly a dollars and cents question, this is something you would know about yourselves and take appropriate action?

Mr. LOESCH. Yes, sir.

TRANS-ALASKA PIPELINE

Mrs. HANSEN. This committee has been concerned with the Trans-Alaska pipeline from its beginning.

The committee was assured yesterday by Mr. Wiles, when the Secretary of Interior appeared, that the costs of protecting the environment are being carefully kept so that there is no question of liability or responsibility. Mr. Rasmussen, what is the status of your report on the pipeline?

Mr. RASMUSSEN. I have a rather lengthy report of the work that was accomplished last year.

Mrs. HANSEN. Could you summarize it for us and insert the report in the record?

Mr. RASMUSSEN. I would be glad to insert a summary for the record.

Mrs. HANSEN. Please do.

(The information follows:)

Status Report

Trans-Alaska Pipeline

The Bureau's efforts to date have been devoted to investigations and data collection in the engineering and biological fields to determine the parameters necessary for design of the proposed trans-Alaska Oil Pipeline and its effect upon the environment. Specific Bureau pipeline activities during calendar year 1970 are discussed below.

Livengood to Yukon River Road Stabilization

The State of Alaska, with Alyeska as its contractor, essentially completed the Livengood to Yukon River Road during 1970. Material sites with access roads on public lands were used in the construction project. BLM personnel have monitored construction activities and documented the stabilization practices utilized. Data acquired will be valuable in supervising future construction.

Yukon River to Prudhoe Bay Road

A modification of Public Land Order 4582 was signed by the Secretary of the Interior on January 7, 1970. This action authorized the oil consortium to commence mobilization of men, equipment, and supplies necessary to construct a pipeline haul road connecting Prudhoe Bay to the Livengood to Yukon River road. Using existing winter trails from ice bridges constructed across the Yukon River and airstrips cleared on frozen lakes, some 2,460 loads of material weighing over 25,000 tons was staged to where eight construction camps would be completed. The mobilization effort was conducted across more than 300 miles of public land. To assure that the public land would be protected during this massive effort, environmental stipulations were enforced by the Bureau of Land Management personnel traveling with the cat trains, and through air surveillance.

Yukon River to Prudhoe Bay Road Camps

Special Land Use Permits were issued to Alyeska for camp areas along the route of the proposed haul road. A gravel source was located for each camp and a materials sale was negotiated to each construction contractor. Stipulations were attached to all authorizations to preclude undue damage to the environment. The Bureau of Land Management monitored activities in the field to assure that adequate safeguards were being provided. The location of the Galbraith Camp, airstrip, and material site on the edge of Galbraith Lake was rejected by the Bureau to protect scenic, wildlife, and recreational values. Satisfactory relocation was approved after field investigation.

Livengood to Prudhoe Bay Road and Camp Material Sites

Material sources on public domain have to be identified and classified before extraction commences. It is estimated that approximately 21,000 cubic yards of sand, gravel, and rock will be required for the road project. Alyeska Pipeline Service Company hopes to acquire material sites spaced so that haul distances are minimized. The Bureau has required industry to explore proposed material sites, develop mining plans, and conduct site rehabilitation. Currently, sales of construction materials are being held in abeyance due to the injunction of April 13, 1970, which enjoins the Secretary of the Interior from selling materials for construction.

Pipeline Centerline Survey

In order to complete the pipeline system design, it is necessary to define the proposed route as nearly as possible. Hydraulic, geologic, operation, and maintenance considerations dictate, in part, route requirements. Alyeska was allowed to do survey work with helicopter equipment only, and with limited hand-clearing. Environmental briefings were given to all Alyeska and contractor personnel before field activities began. The survey lines were hand-cleared to a width of not more than three feet. All field parties removed litter from their remote work locations (litter bags were furnished by the BLM). A fire presentation program was discussed and all precautions were taken by field crews.

BLM personnel inspected and approved the line prior to brushing and final survey. Relocation of the route was required by the BLM to avoid the Richardson-Clear Creek recreation area near Delta Junction. The new route surveyed around this area also avoided two major stream crossings on the Delta and Tanana Rivers.

Pipeline Route Soils Exploration

In order to design the pipeline with due regard to pipeline integrity and subsequent protection of the environment, it is necessary to locate satisfactory construction foundations. Exploration authority was given to allow Alyeska Pipeline Service Company to collect subsurface data so that a design could be developed which would provide maximum pipeline integrity and protection of the environment. Exploration activities were monitored by BLM personnel throughout the investigation period.

Communication Sites

Communication is necessary for personnel safety during data collection, construction, maintenance, and for project operation. Of the proposed 29 communication sites, 26 are on public lands. Alyeska Pipeline Service Company requires a temporary system for construction. Prior to pipeline operation a permanent system will be installed.

Alyeska Pipeline Service Company has not submitted a formal request for specific sites. Authorization was requested on August 3, 1970, to investigate and survey all proposed sites. Approval was granted on September 3, 1970. One site located east of the Copper River, on a mineral spring, was disapproved.

Construction permits have not been requested. The present land freeze, native claims, and court injunction preclude issuance of a right-of-way for construction of the permanent communication sites. Special land use permits may be issued for temporary sites in order to safeguard personnel during remote field activity.

Fisheries

Environmental Stipulations provide strong basic safeguards for the fishery resources. Their implementation depends on substantial expertise and knowledge of the resource. Thus, an important objective is to organize all available information and to investigate further the life cycles and critical fisheries' habitat. Personnel have conducted extensive field surveys. An Interagency Fish and Wildlife Team was organized to gather information essential to the decision-making process along the proposed pipeline route. Available information has been used to reduce the number of proposed material sites within stream bottoms. Support has also been given to various measures to increase the fish-passing capacity of culverts and prevention of bank erosion due to construction of pipeline structures. The Team has additionally made significant progress to list the fish streams of the 300 or more crossed, identify times and locations of spawnings and migrations, and formulate enhancement measures that may be required should mitigation be necessary.

Hydrology

Hydrologic studies and data collection are necessary for the quantitative assessment of the measures necessary to prevent environmental degradation and insure pipeline integrity at water crossings. Throughout 1970 the Bureau of Land Management has maintained a position of leadership in directing the philosophy and efforts of others, towards those ends which will enable the minimizing of adverse effects to the hydrologic regime of the watersheds along the pipeline route. Precedence for this effort in an Arctic environment is almost completely lacking. Therefore it is necessary to develop solutions appropriate to the problem. Primary studies which were made in 1970 include:

Development of a general method of estimating the flood magnitude for any frequency for any basin along the pipeline access road route. This method was later verified and adopted by the Alyeska Pipeline Service Company.

Development of a procedure for estimating the adequacy of proposed culvert installations by persons not experienced in making hydraulic computations.

Mapping of the location of aufeising (ice buildups) formed during the winter.

Estimates of the probable scour and the potential for induced geomorphic changes at selected streams along the pipeline route.

Determination of the limits of active flood plains at selected sites.

Development of hydrologic portions of technical stipulations.

Installation of a series of climatologic data-gathering stations.

Geology

Examination of drill cores is conducted as data is furnished by Alyeska. Reviews of field examinations made in the Gulkana Basin of the 36-inch and 6-inch diameter drill holes have been completed. These observations and their resulting data, together with published data of the region, are providing the detailed information required for pipeline design review. Continuing observations will be conducted as explorations continue. Examination of surficial geological aspects were made of the entire route including fault zones, rockslides, and landslides. Solifluction areas north of the Yukon River to Prospect Creek were also noted. The Denali Fault was examined for possible active movements. The large thrust fault in Atigun Canyon was examined and structural features and possible earth movements were reported.

Archeology

The Bureau of Land Management, with the Arctic Institute of North America, screened 70 letters, reports, and other documents submitted by Alyeska and prepared 19 field reports, made three literature search reports, and spent thirty days reviewing field activities.

Wildlife

BLM biologists are constantly monitoring pipeline activities and inventorying wildlife resources. A considerable amount of field work was accomplished in collecting data on key wildlife areas, populations, and migration routes. Maps with overlays to describe these areas are being prepared. Data collected has been used in review of communication site and material site location determinations. A major accomplishment was the formulation of an Interagency Fish and Wildlife Team. This group, coordinated by the BLM, was organized to work effectively to secure the knowledge required to make decisions on pipeline problems. Further significant work is planned for 1971.

Recreation

The Bureau has been inventorying recreational potential along the proposed pipeline route and road route. In addition, proposed material sites have been reviewed to determine their recreational potential and, on pits that have been opened, the rehabilitation that will be necessary to preclude aesthetic scars. A preliminary recreation report has been compiled. Proposed construction sites in conflict with recreation resources have been moved or modified to avoid conflicts with present or future uses.

Special Efforts and Studies

Visits were made to the following test installations or related facilities:

Hot Line Installation, Fairbanks, Alaska. This experiment, which is a joint Alyeska Pipeline Service Company-University of Alaska effort, consists of circulating 160-degree Fahrenheit air through a 1,000-foot length section of buried 48-inch-diameter pipe. The installation provides data on the ground temperature profile around the pipe (thaw bulb growth) and effects of heated soil on various types of surface vegetation.

Cold Pipe Installation, Pt. Barrow, Alaska. This test installation, which is also a joint Alyeska Pipeline Service Company-University of Alaska Project, comprises a 1,000-foot length of 48-inch pipe buried in high-ice content permafrost. Results obtained from this test reveal the effects of ice wedge propagation on the pipe structure.

Artificial Insulation Test, Prudhoe Bay, Alaska. Varying thicknesses of foam insulation material have been applied to undisturbed tundra, and covered in turn by different depths of gravel to form a ¼-mile section of roadway. The road, which is traversed by heavy vehicular traffic and appropriately instrumented, shows the effectiveness of the insulation gravel combination in preventing thermal erosion.

42-inch Gas Line Construction, Calgary, Canada. Alberta Gas Trunk Company constructed a 42-inch gas line addition to their existing system during 1970. A visit to this construction project provided excellent insight into the construction equipment, techniques, and procedures to be employed on the trans-Alaska pipeline project.

Hot Oil Test Installation, Inuvik, N.W.T., Canada. This test project, supervised by Mackenzie Valley Pipe Line Research Limited, is currently investigating the technology and economic feasibility of constructing a 48-inch crude oil line in the Arctic. Test data is obtained from circulating hot oil through a 2,000-foot closed loop 48-inch-diameter pipe installed in various configurations; buried, above ground in a gravel berm, and an above-ground, pile-supported system.

Road Design and Construction Procedure Review, Alyeska Pipeline Service Company, Houston, Texas. Personnel visited the Alyeska Pipeline Service Company headquarters in October 1970, to gather background data on Alyeska's design organization and to coordinate responsibilities of the Bureau of Land Management and Alyeska Pipeline Service Company on design and construction procedure review prior to the BLM issuance of Notices to Proceed with construction.

The design for the proposed Yukon River to Prudhoe Bay haul road was initially reviewed in March and April to insure compliance with the Environmental Stipulations. Comments were forwarded to the Alyeska Pipeline Service Company for consideration. In October, Alyeska submitted a revised design alignment of the proposed haul road. Subsequent review developed additional comments which were presented to Alyeska at a meeting in Houston during October, 1970. Alyeska is currently revising the design in accordance with comments and additional field survey data.

Technical Advisory Board

The Bureau of Land Management representative on the Technical Advisory Board participated in the following working group sessions convened by the Board during 1970:

Menlo Park Meeting - February 20, 1970.
Alyeska Pipeline Service Company (ALPS) presented their design parameters for the Copper River Basin section of the pipeline.

After thorough study of the material submitted by ALPS, the working group reconvened on March 17 through March 19 to discuss technical aspects of the data. It was the consensus of the group that much of the information furnished seemed to summarize preliminary studies and did not present sufficient data for sound generalizations, particularly applicable to a bury, no-bury decision. Consequently, comments were drafted and delivered to ALPS, soliciting response in order to further the review of criteria submitted. ALPS and the Technical Advisory Board working group met again on April 14-16 to discuss and clarify questions raised by ALPS in interpreting the working group's previous comments.

ALPS' informal response to the working group's comments was made available for evaluation in mid-October. A team of BLM personnel, encompassing civil, structural, mechanical, hydrology, geology, and soil mechanics disciplines conducted a concentrated review of material available. Comments were prepared and introduced at the working group meeting which was convened November 4-11. Participants at this meeting consolidated submitted comments, which in turn were informally discussed with ALPS on November 12, 1970. Subsequent to the November 12 meeting, technical stipulations were drafted in Washington on November 16-18 and reviewed with ALPS on November 19. The technical stipulations were reworked and rewritten on December 15, 1970, and submitted to ALPS on December 16, 1970. A formal submittal of criteria data, made by ALPS at the year's end, will be reviewed in the ensuing year.

HIGHLIGHTS OF TAPS REPORT

Mrs. HANSEN. Can you highlight the report for us.

Mr. RASMUSSEN. This will include the work that we have accomplished to date.

Mrs. HANSEN. Can you point out on a map for the new members of the committee the pipeline route and your critical permafrost areas.

Mr. HASTEY. The dark blue lands are in the Prudhoe Bay area.

Mrs. HANSEN. Is this State of Alaska lands?

STATE OF ALASKA OIL LEASES

Mr. HASTEY. Yes. This is the Prudhoe Bay area where the leases were sold by the State of Alaska in 1969.

Mrs. HANSEN. How many leases were sold?

Mr. HASTEY. I don't have those figures.

Mrs. HANSEN. Insert the information in the record.

(The information follows:)

OIL AND GAS LEASES IN THE PRUDHOE BAY AREA

The State of Alaska has made 537 currently active oil and gas leases covering 1,319,000 acres on state selected land in the Prudhoe Bay area. One hundred seventy-nine of these leases covering 412,548 acres resulted from the September 1969 sale. The remaining leases were made between 1964 and the actual discovery of oil and gas in 1968.

LOCATION OF TRANS-ALASKA PIPELINE

Mr. HASTEY. The pipeline extends from Prudhoe Bay about 800 miles down to Valdez, located on the Gulf of Alaska. The black line shows the pipeline route as it comes down across the State of Alaska.

PERMAFROST AREA

Mrs. HANSEN. Where is most of the permafrost area that has been so critical?

Mr. HASTEY. Most of the permafrost area is north of the Yukon River.

The Yukon River comes down across here. (Indicating.)

Mrs. HANSEN. Where is the Copper River area?

Mr. ANDRUS. The Copper River area is right in here (indicating), Madam Chairman, we have permafrost areas through this area. Also north of the Fairbanks area to Prudhoe Bay we have permafrost area. The Copper River permafrost is of a different nature than that north of the Yukon River.

ELEVATING VERSUS BURYING OF PIPELINE

Mrs. HANSEN. Is that where the pipeline is to be elevated?

Mr. ANDRUS. This is their proposal.

Mrs. HANSEN. In some areas will it be underground?

Mr. RASMUSSEN. It was proposed that in areas that were free of permafrost and were susceptible to the burying of the pipe, that the pipe would be buried.

Mrs. HANSEN. Have the discussions been resolved as to what areas the pipeline would be raised above the ground, because of the problems of animals?

Mr. RASMUSSEN. On each mile of the line, decisions must be made whether it will be buried or above ground. For this reason, we authorized additional core drilling to determine the areas that were free of permafrost and were not free of permafrost.

AMOUNT OF CORE DRILLING

Mrs. HANSEN. How much core drilling have you done on the whole route?

Mr. RASMUSSEN. The whole route has had some core drilling. But in the areas where the permafrost was identified, the core drilling was intensified. As to the exact number of holes, I would have a little difficulty in accounting for those. In those areas an analysis had to be made whether the permafrost would endanger the pipe if it were buried and whether the pipe would endanger the surrounding land. The first estimate was about 40 miles. It now appears that there will be more above ground.

Mrs. HANSEN. Where?

Mr. RASMUSSEN. In the very critical areas of permafrost, some in the Copper River and some north of the Yukon River.

OWNERSHIP OF LAND TRAVERSED

Mrs. HANSEN. All of the land traversed is BLM land except Prudhoe Bay; is this not correct?

Mr. RASMUSSEN. There is a small amount of State land.

Mrs. HANSEN. How much?

Mr. RASMUSSEN. About 54 miles is State of Alaska land.

Mrs. HANSEN. Has Alaska claimed all of her land yet?

Mr. RASMUSSEN. No.

STATE SELECTION OF PIPELINE ROUTE

Mrs. HANSEN. As you are well aware, the economy of the State of Alaska is in a precarious position. The Alaskan State budget was built on the assumption of leasing oil. Isn't this right?

Mr. RASMUSSEN. Much of the budget was——

Mrs. HANSEN. Do you think the State of Alaska might ask the United States Government for the land which lies on the pipeline route? What would happen then?

Mr. RASMUSSEN. Certainly the State of Alaska can well consider this.

Mrs. HANSEN. Then what is going to happen?

Mr. ANDRUS. We have classified a corridor from Valdez to Prudhoe Bay as it relates to the public domain lands. It's a distance of 6 to 12 miles in width.

Mrs. HANSEN. This corridor cannot be removed from the Federal domain?

Mr. ANDRUS. There are only portions of that area that could not be taken by the State, Madam Chairman.

Mrs. HANSEN. What portions can be taken by the State?

Mr. ANDRUS. Actually, the biggest portion north of the Copper River Basin through the Prudhoe Bay was not closed to State selection. It was only closed to mining claims and this type of action.

Mrs. HANSEN. So that possibility still lingers?

Mr. ANDRUS. Yes, Madam Chairman.

NATIVE CLAIMS

Mrs. HANSEN. What portion of the pipeline lies across Native claim lands?

Mr. RASMUSSEN. Most of Alaska is covered by Native claims now. I would say at least 90 percent of the State of Alaska is covered by Native claims.

Mrs. HANSEN. So the Native claims would include the pipeline route?

Mr. RASMUSSEN. Yes.

LAND FACTORS INVOLVED

Mrs. HANSEN. You really have three land factors involved in this entire area. You have the claims of the Alaskan Natives, the State of Alaska, and the Federal domain lands which are under the BLM's jurisdiction.

Mr. RASMUSSEN. Yes; that is correct.

Mrs. HANSEN. There are no military lands involved?

Mr. RASMUSSEN. Yes, there are. There are 28 miles of the line that pass through military reservations.

Mrs. HANSEN. Where?

Mr. ANDRUS. Near Fairbanks.

Mr. RASMUSSEN. We also have an additional 4 miles on private land.

Mrs. HANSEN. Until your Alaska claims are resolved, the pipeline route will be left very uncertain, isn't that correct?

Mr. ANDRUS. Yes, somewhat.

Mrs. HANSEN. How much longer does the State of Alaska have to claim land?

Mr. HASTEY. Until 1983.

Mrs. HANSEN. So you have many claims on the pipeline route lands even before development has begun. Isn't this correct?

Mr. RASMUSSEN. I believe the Secretary could issue a permit under his jurisdiction.

Mrs. HANSEN. Within what time frame?

Mr. RASMUSSEN. I am not sure what time frame.

Mrs. HANSEN. You had better be, if the State of Alaska has until 1983 to claim land. Supposing a sizable number of Alaskan Natives decide that the State land claims are in their domain. If the Native Claims Act were enacted could the Secretary of the Interior then issue permits over any of their land claims?

Mr. RASMUSSEN. It would depend upon the conditions of the Native Claims Act, as to whether their rights were erased.

Mrs. HANSEN. This is the most uncertain proposition I have ever seen.

Mr. RASMUSSEN. In regard to the State of Alaska, until the State of Alaska makes its selections, the land is public domain.

Mrs. HANSEN. I understand that.

Mr. RASMUSSEN. But they have the right to select.

Mrs. HANSEN. There is nothing to stop them from making the selection tomorrow, is there?

WAIVER OF STATE SELECTION RIGHTS

Mr. GALIFIANAKIS. They could waive their right to the claim, I presume.

Mrs. HANSEN. I don't think the State of Alaska would waive its right to claim land or withdraw their right. A sovereign State in most cases would not do this. Isn't that correct?

Mr. RASMUSSEN. I believe that the State of Nevada waived some of its rights so that they could select lands that they wanted in lieu of those.

Mrs. HANSEN. Yes; but that was a trade proposition.

Mr. RASMUSSEN. Yes.

Mrs. HANSEN. This is not uncommon. For example, when the State of Washington was admitted to the Union, many sections of State school domain lands were set aside with the provision that trades within so many years could be made between the State lands and private lands.

MANY PROBLEMS PRIOR TO ISSUANCE OF PERMIT

The thing I am trying to get across is that you are going to have many problems because of the various claims on land in the State of Alaska.

Mr. RASMUSSEN. There are, Madam Chairman.

Mrs. HANSEN. Why then is the pipe on the docks in Alaska when these various problems have not been settled?

Mr. RASMUSSEN. I think that was a decision the companies themselves made. That was their decision.

Mrs. HANSEN. They were not assured permits in any way whatsoever?

Mr. RASMUSSEN. Not that I know of.

Mrs. HANSEN. In Sitka, Alaska, there is a tract of Indian land in which no housing construction is allowed because it is trust land. These people can't leave this land because they have no place to go. They are impoverished and can't build houses. This is only one small instance of the problems within the city of Sitka.

If the imponderables and the immovables are as tremendous through the whole terrain in Alaska as in this small site in Sitka, where there can't be any more than 15 or 20 acres, you have difficult problems.

PAST YEAR'S ACCOMPLISHMENT

Mr. RASMUSSEN. We do have problems. I think it would be well worth while for members of the committee to look at the detailed book I have brought covering the administration and the work that we have accomplished over the past year on the Alaska pipeline and related activities. We have been working to establish final location stipulations for proposed material sites in the pipeline. We have

been studying streams for hydrology, for culvert and fish requirements. We have reviewed plans from the Interior bureaus and asked the study groups to resolve conflicts in the problem areas. We have been looking at the archeological aspects and making field reconnaissance on all campsites.

We have had some aerial photographs for status. We have developed and implemented standard operating procedures for field inspection. We conduct continuing reviews on all pipeline and road designs as they are submitted. This is the area in which we are operating.

CONSTRUCTION CRITERIA

Mrs. HANSEN. Have you developed adequate construction criteria?

I don't know if you saw the pictures of some earlier construction done in the neighborhood of Prudhoe Bay. They had crowned their road so high that on each side there was a ditch which filled with water and arctic slick. There was another picture showing trash that the military had left.

LIVENGOOD-YUKON ROAD

Mr. RASMUSSEN. The State of Alaska built a road from Livengood to the Yukon through much of this area. They used some greatly improved techniques. For instance, in many cases they bulldozed the trees down and put their gravel pad on top of it.

In the sloping of banks, we found that where banks were sloped originally, there was a great tendency for them to erode further as the frost areas melted. So that the design the first year was a perpendicular wall. Then, as the permafrost melted, the wall dropped back and some of the vegetation pulled down over the top of it. We found that under these circumstances, the road construction work was very well conducted.

We did, of course, encounter some problems in the designing of culverts for these areas. I think that the technology is much improved and that the Livengood-to-Yukon road will be in pretty good shape.

CAMP CONSTRUCTION

On the camp constructions, there are very modern camps with sewage disposal facilities, water facilities, and trash facilities. There are some pictures of the camps in our report.

One of our problems was to find gravel areas that could be used and could be developed without material effect on the land. These were very carefully developed. The gravel sites were placed away from the main road. The banks were sloped when they finished. In some cases we will use them for campgrounds, and this type of use of the sites is possible when they are cleared and leveled.

TOTAL COST TO DATE

Mrs. HANSEN. What is the total amount the BLM has spent to date?

Mr. HASTEY. About $660,000 for the first half of this fiscal year and about $666,000 for last fiscal year for a total of about $1.3 million.

Mrs. HANSEN. Your appropriation was how much?

Mr. HASTEY. In fiscal 1970 the appropriation was $1,250,000 of which we spent $666,000. This year the appropriation is $2 million of which we have spent about $660,000 to the 1st of January and we anticipate that we will probably obligate about $1.3 million for the total fiscal year. So there will be about $700,000 remaining unobligated this year from the 1971 budget.

Mrs. HANSEN. Mr. Galifianakis.

SIZE OF PIPELINE

Mr. GALIFIANAKIS. What is the diameter of the pipeline going to be?

Mr. RASMUSSEN. Forty-eight inches.

Mrs. HANSEN. Have you considered the problem the proposal to put the pipeline above ground will have on the caribou and other game animals and wildlife in Alaska that are traversing the proposed pipeline route?

Mr. RASMUSSEN. We work very closely with the Bureau of Sport Fisheries in the problem of game migration because of the fact that some of the pipe will be below the ground and some above. I am sure that they can develop areas for the game to either go over the top of the pipe or underneath.

POPULATION OF AREA NEAR PIPELINE

Mrs. HANSEN. What is the present population in the area from Prudhoe Bay to Valdez?

Mr. HASTEY. For the total State of Alaska?

Mrs. HANSEN. No. I just want the population in the area 12 miles on each side of the pipeline from Prudhoe Bay to Valdez.

Mr. RASMUSSEN. I would have to supply that, because it includes the town of Fairbanks.

(The information follows:)

POPULATION IN THE PIPELINE CORRIDOR

A total of approximately 47,000 Alaskans live within a 12-mile zone on either side of the proposed pipeline. Ninety-four percent, or 44,000, live in the Greater Fairbanks area. The center of Fairbanks is 3 miles west of the proposed pipeline route. Excluding pipeline and oilfield personnel, only 12 people live in two small mining camps within the pipeline corridor north of Fairbanks. The balance (3,000) live south of Fairbanks, with the most significant population centers at Valdez and Glenallen.

PROXIMITY OF PIPELINE TO FAIRBANKS

Mrs. HANSEN. How near is the pipeline to the town of Fairbanks?

Mr. GALIFIANAKIS. They go right through.

Mr. RASMUSSEN. It's about 3 miles northeast of Fairbanks.

Mrs. HANSEN. Do you have any jurisdiction over the lands where the tankers port? Is that your land?

Mr. ANDRUS. The tank farm is on Forest Service land, Madam Chairman.

Mrs. HANSEN. This is beyond your jurisdiction?

Mr. RASMUSSEN. Yes.

Mrs. HANSEN. Your jurisdiction just extends to the public domain lands?

Mr. RASMUSSEN. That is correct.

STATUS OF PROJECT

Mrs. HANSEN. What is the present status of the entire project?

Mr. RASMUSSEN. We just finished public hearings in Washington and in Alaska on the pipeline.

Mrs. HANSEN. Where did you hold the hearings, in Alaska?

Mr. RASMUSSEN. They were held in Anchorage.

Mrs. HANSEN. When will they be published?

Mr. RASMUSSEN. I am not sure how soon they will be published. The initial drafts are under contract with the reporting services through GSA.

Mrs. HANSEN. Who paid for these hearings?

Mr. RASMUSSEN. We pay for the hearings.

Mr. OBEY. Will you yield for one more question?

Mrs. HANSEN. Yes.

PIPELINE SHUTOFF VALVES

Mr. OBEY. I have no idea what is standard in this area. I understand the shutoff valves are at about 50-mile intervals; is that correct?

Mr. ANDRUS. The location of the shutoff valves will vary, depending upon the condition of the permafrost and geology. In some cases they might be placed every halfmile or 2 miles near an earthquake zone.

NUMBER OF EARTHQUAKES

Mr. OBEY. How many earthquakes are we talking about in that area over the past 50 or 60 years?

Mr. RASMUSSEN. I will have to get that from Geological Survey.

STATUS OF CADASTRAL SURVEY WORK

Mrs. HANSEN. Please review for us the status of your cadastral survey work. I think you are about 400 years behind.

Mr. RASMUSSEN. We have a present backlog of requested surveys in the Western United States of 13.2 million acres. We also have a backlog of requests in Alaska.

Mrs. HANSEN. What percent of your total domain is this?

Mr. RASMUSSEN. It's a very small portion. This is only our backlog of requested surveys.

Mrs. HANSEN. How much of your public domain land is unsurveyed?

Mr. RASMUSSEN. About 443 million acres of Federal land. I can furnish a breakdown by agency, for the record.

Mrs. HANSEN. Please do.

(The information follows:)

Unsurveyed public lands by agency (in acres)

Bureau of Land Management	340, 800, 000
Bureau of Indian Affairs	6, 900, 000
National Park Service	13, 700, 000
Bureau of Sport Fisheries and Wildlife	3, 800, 000
Other Interior bureaus	500, 000
U.S. Forest Service	68, 800, 000
Department of Defense	7, 400, 000
Other agencies	800, 000
Total	442, 700, 000

Mr. RASMUSSEN. We also have a backlog of 65 million acres in Alaska. This is our present backlog of requested surveys.

Mrs. HANSEN. This is a total of 78 million acres.

Mr. RASMUSSEN. Yes. These are immediate requests that we have before us. Under the present rate of accomplishment, we plan to do about 2.4 million acres in 1971 against this backlog of requested surveys.

Mrs. HANSEN. At this rate you will be 35 years.

Mr. RASMUSSEN. If we just met the requested surveys.

Mrs. HANSEN. Supposing you have additional requests, due to the crunch of available land in the United States.

Mr. RASMUSSEN. It will increase the backlog considerably.

SOURCE OF RECEIPTS AND DISTRIBUTION OF REVENUE

Mrs. HANSEN. Please insert in the record a tabulation indicating revenue income for fiscal years 1970, 1971 and 1972 indicating the amount of revenue derived from each type of activity. In addition, please provide information showing the actual distribution of revenues to the various States and to the Treasury for these same years.

(Information follows:)

BUREAU OF LAND MANAGEMENT

Sources and Distribution of Receipts

	Actual 1970	Estimate 1971	Estimate 1972
		(In thousands of dollars)	
I. Receipts by Sources			
Sales, public lands and materials	$ 2,100	$ 2,200	$ 2,300
Fees and commissions	4,469	4,200	4,000
Mineral leasing, public domain lands	135,546	139,000	149,190
Mineral leasing, Outer Continental Shelf	186,861	1,072,815	190,000
Grazing fees	5,661	7,940	9,850
Right-of-way leases	250	250	250
Timber sales	65,419	79,500	84,500
Miscellaneous receipts	450	500	4,500
Total	$400,756	$1,306,405	$444,590
II. Distribution of Receipts			
States and counties 1/	84,784	92,726	101,432
U.S. Treasury - general fund	121,939	919,323	57,042
Reclamation Fund	69,478	71,612	73,762
Land and Water Conservation Fund	108,059	202,230	190,230
Bureau of Land Management receipt limitation appropriations 2/	16,496	20,514	22,124
Total	$400,756	$1,306,405	$444,590

1/ States receive various percentages of several categories of BLM receipts as specified by law. Actual payments are generally made in the fiscal year following the year in which the receipts are collected.

2/ Includes Oregon and California Grant Lands Fund and Range Improvements Fund.

PUBLIC, RECREATION, FOREST, AND GRAZING LANDS UNDER EXCLUSIVE JURISDICTION OF BUREAU OF LAND MANAGEMENT

Mrs. HANSEN. I would also like you to insert in the record a tabulation by State of the public lands under exclusive jurisdiction of the Bureau of Land Management in 1970; a listing of the recreation lands administered by the Bureau of Land Management, showing the acreage by States; and a table indicating the commercial forest lands administered by the Bureau of Land Management by States, and the grazing lands.

(The information follows:)

Federally-owned Lands Under Exclusive Jurisdiction of the Bureau of Land Management, 1970 (in acres)

State	Grand Total
Alabama	544
Alaska	276,144,335 a/
Arizona	12,602,053
Arkansas	1,232
California	15,584,928
Colorado	8,387,161
Florida	438
Idaho	12,095,038
Kansas	954
Louisiana	1,516
Michigan	849
Minnesota	43,923
Mississippi	546
Montana	8,154,406
Nebraska	7,884
Nevada	48,389,559
New Mexico	13,214,574
North Dakota	69,501
Oklahoma	7,301
Oregon	15,696,755
South Dakota	276,512
Utah	22,741,670
Washington	292,011
Wyoming	17,423,783
TOTAL	451,137,473

a/ Excludes approximately 23 million acres in Naval Petroleum Reserve No. 4.

58-160 O - 71 - pt. 1 --23

Recreation Lands Administered by Bureau of Land Management

State	Grand Total
Alabama	544
Alaska	276,144,335[a/]
Arizona	12,602,053
Arkansas	1,232
California	15,584,928
Colorado	8,387,161
Florida	438
Idaho	12,095,038
Kansas	954
Louisiana	1,516
Michigan	849
Minnesota	43,923
Mississippi	546
Montana	8,154,406
Nebraska	7,884
Nevada	48,389,559
New Mexico	13,214,574
North Dakota	69,501
Oklahoma	7,301
Oregon	15,696,755
South Dakota	276,512
Utah	22,741,670
Washington	292,011
Wyoming	17,423,783
TOTAL	451,137,473

a/ Excludes approximately 23 million acres in Naval Petroleum Reserve No. 4.

NOTE: All Bureau lands are used for outdoor recreation.

Commercial Forest Lands Administered by the
Bureau of Land Management

State	Acres Commercial Forest Lands
Alaska	19,500,000
Arizona	7,800
California	230,400
Colorado	221,300
Idaho	249,900
Montana	314,700
New Mexico	88,900
Oregon	2,162,100
South Dakota	5,800
Utah	5,400
Washington	52,600
Wyoming	238,900
Other	---
Total	23,077,800

Grazing Lands Administered by BLM

State	Acres
Alaska	1,438,000
Arizona	13,707,200
California	7,921,100
Colorado	8,532,900
Idaho	13,039,800
Kansas	600
Montana	8,908,300
Nebraska	3,900
Nevada	49,999,800
New Mexico	13,799,200
North Dakota	54,100
Oklahoma	400
Oregon	15,008,900
South Dakota	253,700
Utah	24,801,100
Washington	254,000
Wyoming	17,906,200
Total	175,629,200

ACRES OF OFFSHORE LANDS

Mrs. HANSEN. Also insert in the record the acres of offshore lands.
(The information follows:)

Federal acreage of Outer Continental Shelf to depth of 200 meters

Location:	Acreage
Atlantic coast	89, 600, 000
Gulf coast	86, 400, 000
Pacific coast	16, 000, 000
Alaska	352, 000, 000
Total	544, 000, 000

Mrs. HANSEN. The committee will adjourn until 1 p.m.

AFTERNOON SESSION

Mrs. HANSEN. The committee will come to order.
Will you give us the status of your recreation facilities.

ADEQUACY OF RECREATION AREAS

Last year you testified that your recreation areas were inadequate. What percent of your lands for recreation are adequate from the standpoint of pollution abatement and water sources. Also how much has the BLM spent in cleanup after the use by recreationists.

Mr. RASMUSSEN. In the continental United States almost all of the public domain lands are being used in one form or another for some type of recreation.

Mrs. HANSEN. That is how many acres?

Mr. RASMUSSEN. About 175 milion acres.

We do have areas of concentrated use. The most concentrated use that we are seeing now are on the Lower Colorado River and in the desert areas of California. These are concentrated recreation areas.

NUMBER OF VISITOR DAYS

Mrs. HANSEN. How many visitor days do you have?

Mr. RASMUSSEN. The Lower Colorado had about 4.5 million visitor days and the California desert, somewhere in the vicinity of 5 million.

Mrs. HANSEN. What is your total visitor days.

Mr. RASMUSSEN. About 38 million visitor days.

Mrs. HANSEN. What percent adequate are your recreation areas?

Mr. RASMUSSEN. I would estimate that we were handling not more than 12 percent of the total use.

COST OF CLEANUP ACTIVITIES

Mrs. HANSEN. How much has the Bureau of Land Management spent for your cleanup activities?

Mr. HASTEY. We spent about $477,000 on cleanup of undeveloped sites in fiscal year 1971. These are sites where we do not have facilities, but clean up after use. This does not include the $125,000 for the Johnny Horizon program.

Mrs. HANSEN. How much do you plan to spend on developed sites?

Mr. HASTEY. $583,000 is planned in fiscal 1972.

Mrs. HANSEN. Isn't there less usage on your undeveloped sites than on your developed sites?

Mr. HASTEY. We are getting more use on undeveloped sites. We are only taking care of about 10 or 12 percent of total visitor use at developed sites. So the other 90 percent are using undeveloped areas where there are no sanitation facilities.

Mrs. HANSEN. Do you ever anticipate meeting your needs?

Mr. HASTEY. At the present level of funding; no, ma'am.

PRIORITY LIST OF RECREATION SITES

Mrs. HANSEN. Have you developed a priority list so that your most pressing needs will be met?

Mr. RASMUSSEN. We do have a priority list of developed sites and we have identified those that are receiving the larger number of visitors. Our most intensive use is in the lower Colorado River, California desert, Red Rocks Area, Nev., and the Rio Grande, N. Mex.

POLLUTION ABATEMENT

Mrs. HANSEN. What is your total inventory of needs dollarwise for recreation pollution abatement?

Mr. HASTEY. On a 1-year basis, I would estimate in excess of $40 million to catch up with where we should be to take care of the sanitation problems.

Mrs. HANSEN. What are you requesting this year?

Mr. HASTEY. This year we have a total recreation construction program of about $2 million of which $950,000 is out of O. & C. grant land funds in western Oregon.

EXECUTIVE ORDER NO. 11507—PREVENTION, CONTROL, AND ABATEMENT OF AIR AND WATER POLLUTION AT FEDERAL FACILITIES

Mrs. HANSEN. So actually it is going to take 20 years at the present rate of funding to meet the pollution abatement needs in spite of the Executive order which provides that by December 31, 1972, pollution control at Federal facilities must be underway. Is that correct?

Mr. HASTEY. We don't feel the recreation sites fall under this order. The administrative sites in Alaska—at Galena, McGrath, Delta—where we are dumping raw sewage into public areas are the ones we plan to correct by December 31, 1972.

Mrs. HANSEN. I don't think the general public is going to let you escape from the fact that the responsibility to provide pollution-free recreation areas is yours.

RECREATION USE ON BUREAU OF LAND MANAGEMENT LANDS

Mr. HASTEY. Yes, ma'am, I agree.

Mrs. HANSEN. If you don't provide sanitation facilities this isn't going to create a very healthy environment.

Please insert in the record the number of visitor days on Bureau of Land Management land for the last 5 years, the amount of funds

spent on recreation installations by designated areas, and a chart showing what the average recreationist spends.

(The information follows:)

RECREATION USE AND DEVELOPMENT

	Visitor days (millions)	Construction funds (dollars in thousands)	
		West Oregon	Other
Fiscal year:			
1966	19.0	250	800
1967	19.0	250	782
1968	23.6	250	820
1969	28.0	250	263
1970	32.3	440	100

AVERAGE LOCAL EXPENDITURES BY RECREATIONISTS ON BLM LANDS

The average recreationist spends about $12 per person per day in the general economy of the area. The contribution of BLM recreation to the gross national product is estimated at $400 million per year.

RECREATION VISITOR FEES

Mrs. HANSEN. Do you collect visitor fees?

Mr. RASMUSSEN. We have some of our areas designated where we collect visitor fees.

Mrs. HANSEN. Are these at areas where you have recreation facilities?

Mr. RASMUSSEN. These are where we have installations and where the facilities draw enough visitors that we can make a charge without costing us too much to collect it.

Many of our areas are widespread where there are only a few units and it is too difficult to collect. But we do come under the overall permit program.

Mrs. HANSEN. Mr. McDade?

FEES AND COMMISSION RECEIPTS

Mr. MCDADE. Thank you, Madam Chairman.

Is the income amount of approximately $4 million the visitor fees we are talking about? You have an item labeled, "Fees."

Mr. HASTEY. No, the major portion of the fees under the title you are referring to would be the $10 required when an application is made for an upland oil lease.

Mr. MCDADE. This is an amount related to offshore oil leasing?

Mr. HASTEY. No this is onshore leasing.

Mr. MCDADE. Essentially oil leasing?

Mr. HASTEY. Oil and gas.

RECREATION VISITOR FEES

Mr. MCDADE. How much money did you collect on your visitor fees?

Mr. HASTEY. Approximately $50,000 for annual permits and entrance fees to recreation facilities. In addition there is about $125,000 collected for concessionaire use on the lower Colorado.

SELECTION OF CONCESSIONAIRES

Mrs. HANSEN. How are your concessionaires selected?

Mr. RASMUSSEN. Most of the concessionaires we have on the lower Colorado were given licenses or leases 5 to 10 years ago and have been on the land for some time. We were not administering those leases at that time.

Mrs. HANSEN. Who was administering the leases?

Mr. RASMUSSEN. The Bureau of Sport Fisheries and the Bureau of Reclamation. I am not sure of the exact details but ordinarily they would negotiate for a lease.

DIFFICULTIES IN COLLECTING FEES

Mrs. HANSEN. Isn't one of your difficulties in collecting fees on the Bureau of Land Management land the vastness of the land?

Mr. RASMUSSEN. This is one of the difficulties. The other difficulty is that in some areas we administer every other section, and one section will be private and the other section will be public domain, and the access to and from these lands are through private lands.

In many cases we have such a multiplicity of roads through the public domain—poor roads, but the access is there—it is difficult to establish one point at which you might collect a fee.

Mr. MCDADE. Are you satisfied with $50,000 in fee collections for the use of the recreation facilities?

Mr. RASMUSSEN. For the type of facilities that we are charging for, I think this is an equitable figure.

Mr. MCDADE. That is all I have.

Mrs. HANSEN. Mr. Wyatt.

Mr. WYATT. No questions.

POLLUTION ABATEMENT AND ENVIRONMENTAL PROTECTION

Mr. WILES. Madam Chairman, I do have a statement here of the funds the Bureau of Land Management has included in 1972 for activities in pollution abatement and environmental protection and included in their budget for 1972 is a total of $13,567 million for these activities.

Mrs. HANSEN. Please insert the information in the record.

(The information follows:)

Department of the Interior
Bureau of Land Management

Activities in Pollution Abatement and Environmental Protection

(In thousands of dollars)

Description of project or activity	Location	Estimate FY 1972
Pollution Control and Abatement		
1. Soil and watershed conservation cooperative research program with other agencies and universities	11 western states	488
2. Remedial action to control pollution from BLM administrative sites		
Construction:	Ft. Yukon, Alaska	78
	Galena, Alaska	90
Survey and design:	Various Alaska sites	22
Total, Pollution Control and Abatement		678
Selected Environmental Protection and Enhancement Activities		
1. Outdoor recreation and open space activities:		
a. Recreation management and planning	11 western states	1,572
b. Construction and maintenance of recreation facilities		
Construction:		
Lower Colorado River Complex	Imperial County, California	
	Yuma County, Arizona	500
California Desert	Imperial County, Arizona	200
Skookumchuck sanitation impr.	Idaho County, Idaho	15
Red Rocks Complex	Clark County, Nevada	134
Rio Grande	Taos County, New Mexico	80
South Pass	Fremont County, Wyoming	80
Alaska sanitation improvements	6 sites in Alaska	105
Swiftwater (O&C Fund)	Douglas County, Oregon	446
Hyatt Lake (O&C Fund)	Jackson County, Oregon	308
Forest Service Projects (O&C allocation to Forest Service)	Siuslaw, Siskyou, and Umpqua National Forests	446
Survey & Design - BLM projects	11 western states	346
Maintenance of developed sites	11 western states	903
Subtotal, Outdoor Recreation and Open Space		5,135
2. Fisheries & wildlife outdoor recreation & enhancement activities		
a. Wildlife habitat planning and development	11 western states	1,040
3. Natural beauty activities		
a. Undeveloped site clean up and Johnny Horizon anti-litter campaign	11 western states	677
Total, Selected Environmental Protection and Enhancement Activities		6,852
Understanding, Describing and Predicting the Environment		
1. Locating and describing natural resources and physical environmental surveys		
a. Mineral inventories	11 western states	285
b. Alaska pipeline program	Alaska	2,012
c. Forest inventories & reinventories	11 western states	978
d. Range surveys and inventories	11 western states	445
e. Watershed surveys and inventories	11 western states	809
f. Wildlife surveys & inventories	11 western states	1,508
Total, Understanding Describing and Predicting the Environment		6,037
TOTAL, BLM Programs Reported in Special Analysis O		13,567

TIMBER SALES

Mrs. HANSEN. May we have your comments on your timber management and sales and your timber exports? How many board feet of BLM lumber were exported and how many board feet of timber were cut on BLM lands last year?

Mr. RASMUSSEN. The forest program for BLM is concentrated mostly in western Oregon. Our timber sales in western Oregon for the past few years have been as follows: In 1968, 1.347 billion board feet. In 1969, 1.093 billion board feet. In 1970, 1.662 billion board feet. In 1971, 1.323 billion, and we estimate in 1972, 1.172 billion board feet.

Our timber sale program varies slightly from year to year depending on the market, and depending on the economic conditions that prevail that year. You will note that in 1970 we placed 1.662 billion board feet on the market. This was because we had some timber sales in the previous fiscal year that did not sell.

As you recall, there was quite a drop in lumber prices at that time and these sales did not sell in the previous fiscal year so we sold them in the next fiscal year.

We don't always sell the same volume. It depends on the circumstances that exist.

Mrs. HANSEN. What had happened to the sale price when you finally sold the timber?

Mr. RASMUSSEN. We offered these for sale at a rather high price after the peak of the lumber price, and when the lumber prices were dropping.

We did sell them at a reappraised price based on the market at the time they were sold. The stumpage prices were reduced and they sold on the next round.

FOREST MANAGEMENT

The forestry program in western Oregon has been one of the fine examples of good forest management, thanks to this committee.

Mrs. HANSEN. This has been accomplished in spite of the Office of Management and Budget.

FOREST LANDS INVENTORY

The United States has a tremendous inventory of forest lands under the jurisdiction of the Forest Service, Bureau of Land Management, and the Bureau of Indian Affairs. Only one of the three agencies has an adequate amount of funds for proper management and that is the Bureau of Land Management, O. & C. lands. Isn't this correct?

Mr. RASMUSSEN. This is correct.

Mrs. HANSEN. In no other area have Federal domain lands been provided sufficient funds to do the comparable management job that the O. & C lands have in the Bureau of Land Management. I may say that this has been accomplished without the support of the Office of Management and Budget, because they can't quite understand the necessity to properly manage public domain lands.

Mr. WYATT. Would the chairman yield?

Mrs. HANSEN. Yes.

O. & C. GRANT LAND FORMULA

Mr. WYATT. I would like to let the record show at this point that I compliment the BLM and offer this compliment also to the Office of Management and Budget for the fact that there has been no effort made in this budget to phase out the O. & C. formula set by statute. Each of the last 2 years the Office of the Budget has attempted to do this by legislative language in the appropriation bill, which, of course, is illegal.

I know the BLM does not approve of these efforts and I would like to acknowledge that fact right now. And I also know the Bureau of the Budget has prevailed on previous occasions, at least up to the point the budget was submitted to Congress.

But with the assistance, very active assistance of the chairman of this committee and the assistance of many other people who were interested in preserving our form of government and our system whereby Congress legislates and not the Bureau of the Budget we were able to see that this action was not completed. I was delighted when this budget came out without having a repetition of this sorry, illegal and unlawful attempt.

Mrs. HANSEN. If the Office of Management and Budget would take a good look at your operation of the O. & C. lands, they would learn a very valuable lesson in the management of the rest of the timber land.

I say this because I have seen thousands of acres of Indian lands go unmanaged, and no attempt has been made to build the investment for the tribes in spite of the fact their economy couldn't be lower.

The Forest Service budget request is far from adequate to properly manage their lands.

What is the status of your thinning and salvage program?

THINNING AND SALVAGE PROGRAM

Mr. RASMUSSEN. Our thinning and salvage program is tied directly into our management work. We have proceeded in the past with our thinning and salvage at an accelerated rate. Now we are reaching a level program for thinning.

TIMBER ACCESS ROAD PROGRAM

Mrs. HANSEN. Is your road program able to keep pace so that you have access to the timber that is being sold?

Mr. RASMUSSEN. The roads are programed a number of years in advance and under this program we have been able to build roads that are adequate to harvest the timber. There has always been a problem of transportation and access.

LOG EXPORTS

As to log exports, the most recent information we have indicates that in 1970 about 2.5 billion feet of timber has been exported.

Mrs. HANSEN. Please insert in the record the ports of export.

Mr. RASMUSSEN. Yes.

(The information follows:)

Log Exports by Port - 1970

(Million Board Feet)

State of Washington	
Aberdeen	355.5
Anacortes-Bellingham	66.0
Everett	274.9
Longview	153.2
Olympia	210.6
Port Angeles	242.9
Tacoma	356.5
Other	79.4
	1,739.0
State of Oregon	
Astoria	219.1
Coos Bay	114.2
Portland	143.8
	477.1
Northern California	
Eureka	93.6
Redwood City	4.6
Sacramento	73.2
Stockton	2.9
Other	17.9
	192.2

Mrs. HANSEN. What proportion of the total BLM cut is for export?

Mr. RASMUSSEN. Our total cut is about 1.2 billion board feet. The export timber comes from all lands, private, public, State, and other Federal lands.

Mrs. HANSEN. Do you have any idea what the export is, from the BLM lands?

Mr. RASMUSSEN. A very small amount of BLM timber is being exported. We have available for export this year about 60 million board feet but we are finding that only a small portion of this is being offered for export.

I would say maybe 10 to 20 percent of the 60 million board feet.

USE OF FOREST SERVICE RESEARCH

Mrs. HANSEN. There is one further facet, I think, should be emphasized. Since the Bureau of Land Management has no research facilities for timber research and forestry research, your lands are dependent upon the knowledge made available by the U.S. Forest Service, also through the cooperation of the State universities and private research.

Isn't this true?

Mr. RASMUSSEN. We use the Forest Service basic research at all times and we depend primarily on them for this type of research. We do some further work which applies to a given area, but our basic research comes from the Forest Service.

Mrs. HANSEN. The Forest Service budget request for 1972 does not reflect any increase in research. As their research slows down so does the application of this research slow down on your lands. This lack of research funds in the Forest Service actually will be reflected over a long period of time in the Bureau of Land Management lands as well as private lands and BIA lands.

Mr. RASMUSSEN. It certainly will because we use their watershed research, their fire research, their timber research, their range research, and other types of research the Forest Service does.

It is extemely important to us that they proceed with the areas that we are especially interested in and provide us with the research results we need.

If we don't have the information from the Forest Service or private research then it is very difficult for us to apply.

LAND EXCHANGE PROGRAM

Mrs. HANSEN. Please discuss with the committee the current status of your land exchange program.

Mr. RASMUSSEN. Our land exchange program is a level program. We still have a number of applications for land exchange.

Mrs. HANSEN. You could progress faster on your land exchange problems if the private land next to your public lands were of similar value.

Mr. RASMUSSEN. Yes, we could.

Our problem with land exchange is that we must exchange on an equal value basis. If there is a difference in value we are unable to

pay. If the private party has the more valuable land we cannot pay them the difference or if we have they can't pay us the difference.

So many of the difficulties are in trying to get land of equal value. This takes considerable time. With the development going on in this country some lands that you might want to exchange at one time are developed lands by the time you get around to appraising them and they must be exchanged under an equal appraisal basis.

We do have exchanges we are working on with some of the States. Again this is difficult because you have to finally arrive at an equal value.

Mrs. HANSEN. Are there any other difficulties that you are encountering with land exchange?

Mr. RASMUSSEN. I think one of our land exchange problems is that we are not geared to conduct promptly all of the land exchange work.

Mrs. HANSEN. What do you mean you are not geared to conduct promptly the land exchange work?

Mr. RASMUSSEN. We are funded to handle only a level program. So if we get an offer it might be a year or more before we can process it.

IMPACT OF PROPOSED RAISE IN POSTAL RATES

Mrs. HANSEN. Please insert in the record what the proposed increase of postage stamps will cost your bureau.

Mr. WILES. Yes, ma'am.

(The information follows:)

We estimate that in fiscal year 1972 the increased postal rates will cost the Bureau of Land Management an additional $105,000.

JUSTIFICATION MATERIAL

Mrs. HANSEN. Please insert in the record at this point pages 1 through 6 of the justification.

(Justification pages 1 through 6 follow:)

Highlight Statement

Our public lands and their resources are deserving of our national pride. They have served use well from the earliest days of westward expansion to the present. The Public Domain entrusted to the Bureau of Land Management is still the largest single estate in the Nation providing a base for future land needs and a source of natural resources necessary to meet our growing demands. These 452 million acres of public lands represent 60 per cent of all Federally-owned lands--20 per cent of America's total land base. This 20 per cent directly influences the welfare of all Americans and provides them with open space, forage, water, timber, minerals, energy sources, wildlife, recreation, and land upon which to build. The sizeable revenues produced from these lands and the Outer Continental Shelf represents only a fraction of their true worth to the American people.

In brief, our goal for this estate is to insure the orderly development and protection of the public lands to best meet the needs of their owners, the public. There are, of course, divergent views on what constitutes orderly development and what best serves the public good. The debate is as old as mankind, but we learn from the process of history and it is our intention to avoid the mistakes of the past. This is especially true today with respect to the management and protection of the environment which has become one of our most pressing national issues. Because of their vast size, the public lands exert a marked influence on our national environment, on our surroundings, and the quality of our lives.

Intensive management is essential to achieving orderly land resource development andto protecting and up-grading environmental quality. In the climate of mounting public concern for resources and environment, the time to effect the best possible management practices on this vast public real estate is now. Toward these ends the FY 1972 programs of the Bureau of Land Management are directed.

Improved Land Services

Expanded programs for improving land services to the public are oriented toward a reduction of backlog cases, an improvement in our land appraisal capability and a better use of our national land estate. The orderly, fair, and efficient disposal of land cases helps assure full consideration of public values, promotes public confidence in government, and exerts a decisive influence on land uses for future decades.

Surface Protection

Our concern for both resource development and the environment is embodied in the surface protection efforts proposed in this budget. Public lands have been and will continue to be an important source of leasable mineral deposits. Their continued development is vital to the mineral and common material needs of the nation. Yet, the land and its surface resources must be protected during exploration and extraction so that public values will not be unnecessarily destroyed for the sake of a single enterprise.

Alaska Land Use Plan

Alaska's mineral wealth, unspoiled natural beauty, surface resources, and recreational attractions are at an important juncture. Discovery of oil, the continued exploration and discovery of other new mineral wealth, intrusion into the wilderness by roads and people, and demands for public land through continuation of state selections and native claims can contribute to the long term benefit of Alaska's people; but without proper management of the total environment, these factors can engulf Alaska with the environmental mistakes so prevalent in much of the United States today. A reconnaissance type land use planning effort is required in this last frontier to guide development of the public domain in a direction which will avoid a repetition of past mistakes.

Fire Protection

The level of protection we are providing the public estate from the destructive influences of wildfires is of vital concern. Although the Bureau has continued to improve its firefighting capability through the Boise Interagency Fire Center, the costly events of past fire seasons require a new look at the entire protection posture. If we are to reduce the intolerable loss of surface resources and the high firefighting costs which accompany wildfires, the Bureau must improve its advance preparedness prior to the outbreak of fire emergency conditions. The management of surface resources can progress only insofar as these resources are adequately protected from destructive agents which, in the case of wildfire, result in both economic and intangible losses.

Fire Fighting and Rehabilitation

In years past, a token $400,000 has been provided for emergency fire fighting costs. This amount was augmented at a later date with a supplemental appropriation to cover actual costs. Relatively large amounts from other appropriations had to be used to cover these emergency costs in the interim, often burdening other programs and administrative accounting. An additional $9 million is included in this budget to provide more realistically for fire fighting costs. Based upon a four year average of past costs, the revised amount will tend to reduce the problems inherent in previous budgets and will decrease the requirement for supplemental appropriations.

Recreation and Wildlife

The public domain holds tremendous promise for the development of an outdoor recreation program to meet public demand for a variety of recreational pursuits. Areas such as the Southern California Desert, the Lower Colorado River, the Rogue and Rio Grande Rivers, Red Rocks, and many others represent an unequalled opportunity to provide safe, convenient facilities to millions of annual visitors. Accommodations are also necessary in controlling site destruction, pollution, and the overall degradation of the public lands. Thus, the Bureau's recreation management and development programs as well as its maintenance, cleanup, and Johnny Horizon efforts have a direct influence on the quality of outdoor surroundings. Fish and wildlife resources on the public lands are also an important part of the recreational potential. Accordingly, FY 1972 programs provide for protection and propagation of vanishing wildlife species, added public land hunting and fishing opportunities, and recognition of the growing demand for non-consumptive, appreciative uses of wildlife resources.

Cadastral Survey

Civilization as we know it rests largely on the delineation of ownership, both legal and physical. The Bureau of Land Management is responsible for establishing and maintaining the public land survey grid upon which most land ownership in the United States is based. The identification of Federal lands by monumenting or re-establishing property boundaries is vital to the disposal of public lands, the management of surface and sub-surface resources, and the orderly administration of the Federal estate. Maintenance of the survey grid, much of which is 100 years or more in age, is an increasingly important feature of the Cadastral Survey program. As the management of public land expands, as resource values rise, and as the demand for land transfers from or into Federal ownership grows, the need for supporting cadastral survey increases. New program emphasis is required if this vital service is to be brought up to a level sufficient to keep pace with present and future demands.

Facility Maintenance

The annual addition of new roads and trails, buildings, recreation sites and other facilities requires additional maintenance capability to keep these facilities

safe, attractive, and convenient, and to prolong their service life for the public benefit.

Road Construction - Public Lands

Because an adequate transportation system is essential to the orderly management of public land resources, roads and trails are essential for the proper administration and protection of these lands and resources. In FY 1972, the Bureau's obligation will result in construction of two bridges, 82 miles of road grading, 97 miles of road surfacing and 44 miles of trail.

Paperwork and Public Relations Management

Planned improvements in paperwork management and public relations services is expected to generate substantial savings in Bureau's costs for FY 1972. These savings amount to $200,000 for paperwork management and $110,000 for public relation services; they are reflected in this budget and represent a concerted effort to reduce the cost of government wherever possible.

Summary of Budget Request

The Bureau's budget is modest compared to the values at stake. It represents an investment in the future well-being of the public lands, an investment in their continued development, management, and wise use, now and for generations to follow.

The estimate of appropriations for the Bureau is summarized below by major budget activity:

	FY 1971	FY 1972	Increase + Decrease -
	(in thousands of dollars)		
Management of Lands and Resources			
1. Realty and Mineral Leasing Service	$ 7,351	$ 7,290	$- 61
2. Resource Management, Conservation, and Protection	44,233	46,318	+ 2,085
3. Cadastral Survey	5,987	6,861	+ 874
4. Firefighting and Rehabilitation	1,000	10,000	+ 9,000 a/
5. General Administration	2,501	2,501	---
Total, MLR	61,072	72,970	+11,898
Construction and Maintenance			
1. Construction	1,035	1,634	+ 599
2. Maintenance	2,275	2,726	+ 451
Total, C&M	3,310	4,360	+ 1,050

a/ Increase is intended to bring initial Fire Fighting appropriations to a more realistic level and is based on a four year cost average. These funds have been provided for in the past by supplemental appropriation which, in FY 1971 is estimated at $23 million.

	FY 1971	FY 1972	Increase + Decrease -
	(in thousands of dollars)		
Public Lands Development Roads and Trails (Liquidation of Contract Authority)	$ 3,500	$ 3,200	$- 300
Oregon and California Grant Lands (indefinite)	18,000	19,000	+ 1,000
Range Improvements (indefinite)	1,795	2,514	+ 719
Subtotal	87,677	102,044	+14,367
Permanent Appropriations	87,260	94,041	+ 6,781
Grand Total	174,937	196,085	+21,148

Receipts

As shown in the table below the Bureau continues to produce substantial revenues for the U.S. Treasury and for public land states and counties.

Receipts Collected by the Bureau ($ in millions)

	1969	1970	1971 a/	1972 a/
Total Receipts	650	401	1,307	445
Paide to States & Counties	-78	-87	-86	-93
Deposited in Treasury	572	314	1,221	352

a/ Estimated

RECEIPTS BY SOURCES

The following table shows actual receipts of the Bureau of Land Management for fiscal years, 1968, 1969, 1970, and estimated receipts for 1971 and 1972.

	Actual 1968	Actual 1969	Actual 1970	Estimate 1971	Estimate 1972
Sales, Public Lands and Materials.....	$ 2,521,132	$ 1,802,126	$ 2,099,849	$ 2,200,000	$ 2,300,000
Fees and Commissions.....	3,889,635	4,888,321	4,468,455	4,200,000	4,000,000
Mineral Leasing.....	128,555,825	138,538,529	135,546,025	139,000,000	149,190,000
Mineral Leasing, Outer Continental Shelf.....	961.266.059	428,278,500	186,861,451	1,072,815,000	190,000,000
Grazing Fees.....	4,601,460	5,623,299	5,660,611	7,940,000	9,850,000
Right-of-Way Leases.....	225,552	324,740	249,892	250,000	250,000
Timber Sales.....	56,166,027	69,678,639	65,419,401	79,500,000	84,500,000
Miscellaneous Receipts...	492,570	561,870	450,053	500,000	4,500,000
Total.....	$1.157,718,260	$ 649,696,024	$ 400,755,737	$1,306,405,000	$ 444,590,000

NOTE: Does not include Public Land Administration Act Receipts.

PAYMENTS OF BUREAU OF LAND MANAGEMENT RECEIPTS TO STATES, 1970

State	Sale of Public Lands and Timber	Mineral Leases and Permits	Taylor Grazing Districts	Taylor Grazing Leases	Other	Total
Alabama	$ 19	$ 5,020	$ -	$ -	$ -	$ 5,039
Alaska	585	8,239,569	-	-	-	8,240,154
Arizona	1,874	125,162	24,507	32,503	-	184,046
Arkansas	985	22,003	-	-	-	22,988
California	53,730	2,931,107	7,880	42,514	-	3,035,231
Colorado	5,794	3,222,751	24,325	12,293	-	3,265,163
Florida	486	19,478	-	-	-	19,964
Idaho	20,856	182,858	42,968	8,992	-	255,674
Kansas	56	155,403	-	-3	-	155,456
Louisiana	607	789,656	-	-	-	790,263
Michigan	283	14,840	-	-	-	15,123
Minnesota	32	-	-	-	-	32
Mississippi	8	16,585	-	-	-	16,593
Missouri	4	-	-	-	-	4
Montana	12,512	2,977,420	31,010	36,529	216,420 a/	3,273,891
Nebraska	4	4,281	-	85	-	4,370
Nevada	18,136	493,549	78,120	6,324	-	596,129
New Mexico	8,140	11,200,534	57,616	36,976	8,992 a/	11,312,258
North Dakota	63	217,228	-	2,330	-	219,621
Oklahoma	-	182,064	-	35	-	182,099
Oregon	76,942	479	32,663	18,779	32,489,653 b/	32,618,516
South Dakota	858	212,090	-	15,281	-	228,229
Utah	1,018	3,338,570	37,622	-	1,644 a/	3,378,854
Washington	2,908	289	-	6,284	-	9,481
Wisconsin	13	-	-	-	-	13
Wyoming	6,381	18,199,309	53,235	78,030	-	18,336,955
Total	$212,294	$52,550,245	$ 389,946	$ 296,952	$32,716,709	$86,166,146

a/ Executive Orders 10787, Nov. 6, 1958 and 10890, Oct. 27, 1960, from grazing and mineral receipts, L.U. Lands.

b/ From "O&C" lands, $32,116,506; Coos Bay Wagon Road Lands, $373,147.

PAPERWORK MANAGEMENT REDUCTION

Mrs. HANSEN. You are requesting a reduction of $200,000 for paperwork management. I know you have shuffled papers for years but I didn't think you were spending $200,000 unnecessarily.

Mr. HASTEY. Improving and economizing in reports management and reporting systems has been an ongoing effort in the Bureau. We cannot at this time actually designate which reports we are going to reduce to attain the $200,000 reduction. We do have a small task force working on it now to see what reports we can reduce out of our present program to come up with the $200,000.

REDUCTION IN PUBLIC RELATIONS SERVICES

Mrs. HANSEN. Justify your decrease of $110,000 for public relations services.

Mr. HASTEY. The major portion of this will be to no longer produce free four-colored public land access maps. The colored access maps are to hand out free to the using public to show them where the public lands are located.

Mrs. HANSEN. Are you going to stop informing the public where the public lands are located? Is that the policy?

Mr. HASTEY. This amounts to about $85,000 of maps. We will explore means of placing these on a self-sustaining basis. We do have a considerable number of public inquiries as to where the public lands are located.

Mrs. HANSEN. How many maps do you distribute per year?

Mr. HASTEY. I can furnish the number for the record.

(The information follows:)

Bureau of Land Management distributed 1,300,000 recreation maps per year.

Mrs. HANSEN. This is a strange item to reduce. Do you have any further comments?

Mr. HASTEY. The minimal budget we have in public information work does not leave us much choice.

We think we may be able to produce a minimum number of black and white maps in place of the four-colored types.

Mrs. HANSEN. How much will you save on that?

Mr. HASTEY. About $10,000 to $15,000.

Mrs. HANSEN. The PX's in Vietnam can dispose of that in one Coca-Cola operation. Aren't you being pennywise and pound foolish?

Mr. HASTEY. We think our public information budget is minimal now. About $450,000.

Mrs. HANSEN. What does your public relations budget consist of? Doesn't this provide funds to inform the users on how to properly use your lands?

Mr. HASTEY. Yes, ma'am.

Mrs. HANSEN. Aren't you trying to make people aware of your boundary lines so that somebody doesn't cut a tree or in any other way damage your lands. They can say, well they had no way of knowing that this was Federal land.

Don't you think your trespasses may increase?

Mr. HASTEY. It could. The other thing we do in our public information work is keep the public informed of various actions we plan to take. We find if we inform the public before we take the action it cuts down considerably the amount of inquiries we have to answer at a later date.

Mrs. HANSEN. Then why should you quit publishing good outdoor maps? Never before in the history of the United States have you been confronted with the problem of teaching a new generation of people how to use the forests to such an extent as today. Not only your forests but all your other lands. A youngster raised on the city streets has little what concept how to make and manage a campfire, how to put it out, how to protect the land, and what to do about burying litter?

Therefore, this seems a strange place to economize. If this was just for political speeches I would probably double the amount of the cut. But I can't understand why you shouldn't inform persons using public land how to manage it

Mr. RASMUSSEN. It makes it much more difficult to do that with these reductions.

Mrs. HANSEN. If you abandon these maps it would be interesting to see how costs increase because of lack of knowledge.

MINERAL LEASING RECEIPTS

You estimate an increase of about $10 million in 1972 in receipts for mineral leasing. What is the basis for this forecast?

Mr. RASMUSSEN. The basis is that there will be some lifting of the freeze in Alaska, and there will be additional mineral leasing and receipts.

ALASKA FREEZE ORDER

Mrs. HANSEN. Please insert in the record at this point the freeze order and the area it encompasses so the members are fully aware of where that freeze applies.

(The information follows:)

[Public Land Order 4502]

ALASKA

Withdrawal of Unreserved Lands

By virtue of the authority vested in the President by section 1 of the act of June 25, 1910 (36 Stat. 847, 43 U.S.C. 141), as amended, and pursuant to Executive Order No. 10355 of May 26, 1952 (17 F.R. 4831), it is ordered as follows:

1. Subject to valid existing rights, and subject to the conditions hereinafter set forth, all public lands in Alaska which are unreserved or which would otherwise become unreserved prior to the expiration of this order, are hereby withdrawn from all forms of appropriation and disposition under the public land laws (except locations for metalliferous minerals), including selection by the State of Alaska pursuant to the Alaska Statehood Act (72 Stat. 339), and from leasing under the Mineral Leasing Act of February 25, 1920 (41 Stat. 437; 30 U.S.C. 181, et seq.), as amended, and reserved under the jurisdiction of the Secretary of the Interior for the determination and protection of the rights of the native Aleuts, Eskimos, and Indians of Alaska. The withdrawal and reservation created by this order shall expire at 12 (midnight), A.s.t., December 31, 1970.

2. Unless otherwise required by law, all applications for leases, licenses, permits, or land title transfers which were pending before the Department of the Interior on the effective date of this order, will be given the same status and consideration beginning at 12 (noon) A.s.t., on April 2, 1971, as though there had been no intervening period, unless previously recalled by the applicant.

3. From January 1, 1971, until 12 (noon) A.s.t., on April 2, 1971, the State of Alaska shall, subject to the provisions of paragraph 2 of this order, have a preferred right of selection as provided by section 6(g) of the Alaska Statehood Act of July 7, 1958 (72 Stat. 341). Any public lands not selected by the State and not otherwise reserved shall at 12 (noon) A.s.t., on April 2, 1971, become subject to appropriation under the public land laws, subject to valid existing rights, the provisions of existing withdrawals and the requirements of applicable law.

4. Applications filed by the State of Alaska before January 4, 1969, to select unreserved public lands under the Statehood Act, which at the time of such filings were embraced in leases, licenses, permits, or contracts issued pursuant to the Mineral Leasing Act of 1920 supra, or the Alaska Coal Leasing Act of 1914 (38 Stat. 741, as amended, 48 U.S.C. 432), and applications filed by the State of Alaska before December 13, 1968, to select other unreserved lands under the Statehood Act, shall be processed in accordance with the policies and procedures of this Department designed to protect the rights of the native Aleuts, Eskimos, and Indians of Alaska, which were in effect on the date of this order.

5. This order may be modified or amended by the Secretary of the Interior or his delegate upon the filing of an application which demonstrates that such modification or amendment is required for the construction of public or economic facilities in the public interest. Applications for such modification or amendment should be filed in the land office of the Bureau of Land Management, Anchorage, Alaska.

STEWART L. UDALL,
Secretary of the Interior.

JANUARY 17, 1969.

[F.R. Doc. 69-873; Filed, Jan. 22, 1969; 8:50 a.m.]

[Public Land Order 4962]

ALASKA

Modification of Public Land Order No. 4582

Whereas, Public Land Order No. 4582 of January 17, 1969, withdrawing public lands in Alaska under the jurisdiction of the Secretary of the Interior for the determination and protection of the rights of the native Aleuts, Eskimos, and Indians of Alaska, will expire at 12 midnight, A.s.t., December 31, 1970, and

Whereas, legislation to determine and protect the rights of the native Aleuts, Eskimos, and Indians of Alaska presently pending in the Congress of the United States will not become law before the present expiration date of Public Land Order No. 4582.

Now therefore, by virtue of the authority vested in the President by section 1 of the act of June 25, 1910 (36 Stat. 847, 43 U.S.C. 141), as amended, and pursuant to Executive Order No. 10355 of May 26, 1952 (17 F.R. 4831), Public Land Order No. 4582 is hereby modified and amended to read as follows:

1. Subject to valid existing rights, and subject to the conditions hereinafter set forth, all public lands in Alaska which are unreserved or which would otherwise become unreserved prior to the expiration of this order, are hereby withdrawn from all forms of appropriation and disposition under the public land laws (except locations for metalliferous minerals), including selection by the State of Alaska pursuant to the Alaska Statehood Act (72 Stat. 339), and from leasing under the Mineral Leasing Act of February 25, 1920 (41 Stat. 437; 30 U.S.C. 181, et seq.), as amended, and reserved under the jurisdiction of the Secretary of the Interior for the determination and protection of the rights of the native Aleuts, Eskimos, and Indians of Alaska. The withdrawal and reservation created by this order shall expire at 12 (midnight), prevailing Alaska time, June 30, 1971 or 12 (midnight), prevailing Alaska time, on the day legislation for the determination and protection of the rights of the native Aleuts, Eskimos, and Indians of Alaska shall become law, whichever shall occur first. Said date shall be hereinafter referred to as the "Expiration Date".

2. Unless otherwise required by law, all applications for leases, licenses, permits or land title transfers which were pending before the Department of the Interior on January 17, 1969, will be given the same status and consideration beginning at 12 (noon), prevailing Alaska time, on the first business day following the 90th day after the Expiration Date, as though there had been no intervening period, unless previously recalled by the applicant.

3. From the Expiration Date until 12 (noon), prevailing Alaska time, on the first business day following the 90th day after the Expiration Date, the State of Alaska shall, subject to the provisions of paragraph 2 of this order, have a preferred right of selection as provided by section 6(g) of the Alaska Statehood Act of July 7, 1958 (72 Stat. 341). Any public lands not selected by the State and not otherwise reserved shall at 12 (noon), prevailing Alaska time, on the first business day following the 90th day after the Expiration Date, become subject to appropriation under the public land laws, subject to valid existing rights, the provisions of existing withdrawals and the requirements of applicable law.

4. Applications filed by the State of Alaska before January 4, 1969, to select unreserved public lands under the Statehood Act, which at the time of such filings were embraced in leases, licenses, permits or contracts issued pursuant to the Mineral Leasing Act of 1920, supra, or the Alaska Coal Leasing Act of 1914 (38 Stat. 741; 48 U.S.C. 432), as amended, and applications filed by the State of Alaska before December 13, 1968, to select other unreserved lands under the Statehood Act, shall be processed in accordance with the policies and procedures of this Department designed to protect the rights of the native Aleuts, Eskimos and Indians of Alaska, which were in effect on January 17, 1969.

5. This order may be modified or amended by the Secretary of the Interior or his delegate upon the filing of an application which demonstrates that such modification or amendment is required for the construction of public or economic facilities in the public interest. Applications for such modification or amendment should be filed in the land office of the Bureau of Land Management, Anchorage, Alaska.

6. Other provisions of this order to the contrary notwithstanding, applications for patents and allotments may be processed to conclusion in the following cases where the conditions herein stated are met and there has been compliance with all other applicable provisions of law:

a. Homesteads, pursuant to the Act of May 14, 1898 (30 Stat. 409; 48 U.S.C. 371, et seq.), as amended, where valid settlement was made prior to December 14, 1968;

b. Native allotments, pursuant to the Act of May 17, 1906 (34 Stat. 197; 48 U.S.C. 357, 357a, 357b), as amended, where occupation was commenced prior to December 14, 1968;

c. Trade or manufacturing sites, homesites or headquarters sites, pursuant to the Act of May 14, 1898 (30 Stat. 431; 48 U.S.C. 461, et seq.), as amended, where the claim was initiated prior to December 14, 1968.

7. All prior modifications and amendments of Public Land Order No. 4582 are hereby continued in force and effect until the Expiration Date.

8. This modification of Public Land Order No. 4582 shall become effective upon publication in the FEDERAL REGISTER.

FRED J. RUSSELL,
Acting Secretary of the Interior.

DECEMBER 8, 1970.

[F.R. Doc. 70-16705; Filed, Dec. 10, 1970; 8:49 a.m.]

Mrs. HANSEN. In general outline, where does the freeze order apply in Alaska?

Mr. RASMUSSEN. All of the public-domain land in Alaska.

Mrs. HANSEN. If you lift the freeze and issue mineral leases and then the Alaskan Natives claim this same land, what are you going to say?

Mr. RASMUSSEN. I would hope that the Native claims bill would pass by then and some of these problems would be solved.

(Discussion off the record.)

Mrs. HANSEN. When do you expect the freeze to be lifted, before or after the Native Claims Act?

Mr. RASMUSSEN. At the present time it expires June 30, 1971.

Mrs. HANSEN. Supposing the Native Claims Act isn't enacted by that time?

Mr. RASMUSSEN. Before that the Secretary will have to consider whether the freeze is to be extended or not.

Mrs. HANSEN. I think you are going to run into great difficulties if you lift the freeze prior to the settlement of the Native claims legislation.

KNOWLEDGE OF MINERAL DEPOSITS WHEN LEASING

How much of this land on which you are going to do mineral leasing do you have an adequate knowledge?

Mr. RASMUSSEN. We have knowledge of the oil and gas possibilities. However, we have only limited knowledge over the major portion of the land. We depend upon the Geological Survey to supply us with this knowledge.

Mrs. HANSEN. Do they have complete knowledge?

Mr. RASMUSSEN. I doubt very much they have complete knowledge. They have general knowledge.

Mrs. HANSEN. So you are leasing without adequate information?

Mr. RASMUSSEN. No; that is not exactly the case. When we offer leases for bid we generally have a very good evaluation by Geological Survey of the mineral potential in the specific area we plan to lease.

Mrs. HANSEN. If you don't have adequate information on the mineral potential then you won't advertise that land? Is this correct?

Mr. RASMUSSEN. Ordinarily, we don't.

OUTER CONTINENTAL SHELF LEASING

Mrs. HANSEN. You also indicate a decrease of about $883 million in receipts for mineral leasing, Outer Continental Shelf. Give us the details on this.

Mr. RASMUSSEN. In fiscal year 1972 we estimate just the royalties that would accrue from the leases that are in existence. Due to the uncertainties we did not at this time make a forecast as to any bonus that might be developed over the next year.

It is entirely possible that we may have a lease sale and at that time there would be adjustment.

Mrs. HANSEN. Is the $883 million in receipts from producing wells?

Mr. RASMUSSEN. No, the $883 million is mainly on bonuses that are bid on sales that are advertised.

Mrs. HANSEN. Are these leases from prior years?

Mr. RASMUSSEN. The $190 million for fiscal year 1972 are royalties from leases made in prior years.

Mr. HANSEN. Why is there a decrease of $883 million?

Mr. RASMUSSEN. This year we sold leases in the Gulf of Mexico, and the bonus bids totaled $845 million, of which $818 million was deposited in the general fund of the Treasury and $27 million deposited in escrow.

We haven't made any such estimates on new sales for fiscal 1972.

TIMBER SALES

Mr. GALIFIANAKIS. May I ask a question on timber sales?

I was wondering who bought the timber.

Mrs. HANSEN. Most of the timber is harvested and sold in western Oregon and this is sold at bid to a wide range of people.

Mr. GALIFIANAKIS. I was thinking of the exports.

Mrs. HANSEN. Most of the timber is exported to Japan.

PRESIDENT'S TASK FORCE ON SOFTWOOD SUPPLIES

Mr. GALIFIANAKIS. Didn't the President call for some kind of a study where he pointed out the cost of timber, lumber, and plywood was very high and that part of the reason for the high prices was the inordinate quantity of exports to Japan at a time when our housing industry was suffering badly, especially in 1968? Has the President's study commisison made a report?

Mr. RASMUSSEN. The timber task force did make a report that this concerned the overall production of lumber and plywood. I don't believe it was tied in directly to the export of logs. The high prices that resulted were found to result from a number of reasons: a shortage of boxcars, a dock strike that prevented ships from unloading, heavy snows, and a tough winter which made the supply of logs inadequate.

There were other factors that were involved in the price of the lumber and plywood, and the price of plywood did escalate.

However, very shortly afterward, within 6 months, it dropped completely and has had a difficult time recovering since then.

LOG EXPORTS

Mrs. HANSEN. It has been almost impossible to maintain a level of employment in the timber industry and if at times there had been no Japanese markets, many of our logging camps might have been closed due to lack of a market for lumber.

Isn't this how the export program began? The Northwest has had mixed feelings on these exports. The manufacturers of lumber did not want the exports, but the port districts did.

It is a fight between the shipping industry and the lumber industry. The lumber industry would be very pleased to ship the finished product.

Mr. GALIFIANAKIS. Does Japan use it itself?

Mrs. HANSEN. They use the lumber in their housing program.

Mr. WYATT. Will the chairman yield?

Mrs. HANSEN. Yes.

PRESIDENTIAL TASK FORCE ON SOFTWOOD

Mr. WYATT. I think for my colleague from North Carolina's information I should point out the Presidential Task Force on Softwood Lumber and Plywood released its report on June 19, 1970. This was long after the problem was over.

Why the report was held up for this length of time is anybody's guess. In addition to the factors mentioned by Mr. Rasmussen, they also mentioned a shortage of plywood and softwood lumber along with those other factors as combining to create the market situation that we suffered.

Of course, Mrs. Hansen and I, and others know that we are facing a repeat of the situation with the pent-up demand for housing and with the emphasis and money that has been put into this area in the last few months. We have already seen a substantial increase in just the last week that exceeds the estimate of the chief economist assigned to the task force who estimated there would be an increase of somewhere between 13 and 25 percent in the next decade.

We have had an increase in excess of that just in the last week to give you an idea of the parameters of the problem we have. It is going to be on us all over again. Many of us have said this for a long time and I don't think adequate steps have been taken to even come close to anticipate what we are going to face in the weeks and months and years ahead.

LOG EXPORT AMENDMENT

Mr. GALIFIANAKIS. Is there a mechanism by which to meet the domestic needs before all of the exports?

Mrs. HANSEN. The exports are limited now.

Mr. WYATT. Commonly known as the Morse amendment.

I think it is evident that for a few years we were having geometric increases in exports to Japan, and since the amendment was first adopted, the geometric doubling and trebling of the exports every year has stopped. I don't think this is all due to the amendment—there were some economic factors involved, also—because it took quite awhile for the amendment to be effective, but the export picture has leveled off considerably.

TERM OF LOG EXPORTS

Mr. GALIFIANAKIS. Are the contracts made on a year-to-year basis or are they long-term contracts for exports to Japan?

Mr. RASMUSSEN. My own judgment is that the exports are for 1 year or less.

MANAGEMENT OF LAND AND RESOURCES

Mrs. HANSEN. Please insert pages 7 through 40 of the justifications in the record.

(Justification pages 7 through 40 follow:)

MANAGEMENT OF LANDS AND RESOURCES

Appropriation, 1970	$57,321,000	
Second supplemental appropriation, 1970	23,790,000	
Total appropriation, 1970		$81,111,000
Transferred to "Operating Expenses, Public Buildings Service," General Services Administration		-93,000
Pay Costs (P.L. 91-305)		580,000
Total available, 1970		81,598,000
Appropriation, 1971	59,105,000	
Transferred to "Operating Expenses, Public Buildings Service," General Services Administration		-87,000
Transferred to "Salaries and Expenses," Office of the Secretary		-603,000
Pay cost supplemental (PL 91-305)		2,657,000
Total available, 1971		61,072,000

Summary of Increase and Decreases, 1972

	Base for 1972	Increase/ Decrease 1972	
Realty and Mineral Leasing Services			
To reduce public relations services	---	-21,000	
To decrease paperwork management cost	---	-40,000	
			-61,000
Resource Management Conservation and Protection			
To reduce land case backlog and improve case handling services	265,000	200,000	
To improve land appraisals	200,000	100,000	
To protect surface resources from mineral leasing and exploration damages	---	250,000	
To develop a land-use plan for Northern Alaska	---	550,000	
Financing change--to transfer Missouri River Basin Studies from Bureau of Reclamation	---	105,000	
To provide for increased cost of California fire contract protection	497,000	125,000	
To upgrade fire protection capability	2,428,000	425,000	
To provide a California Desert Ranger Force	---	80,000	
To improve recreation management	1,342,000	150,000	
To improve public land fish and wildlife opportunities	2,034,000	313,000	
To reduce public relations services	---	-76,000	
To decrease paperwork management costs	---	-137,000	
			+2,085,000

Cadastral Survey			
To improve cadastral survey support of resource management function...	3,728,000	750,000	
Financing change --to transfer Missouri River Basin Studies From Bureau of Reclamation.....	---	160,000	
To reduce public relations services.	---	-13,000	
To decrease paperwork management costs.....	---	-23,000	
			+874,000
Firefighting and Rehabilitation			
To provide by direct appropriation for firefighting costs which have been made available in the past by supplemental appropriation.....	400,000[a/]	9,000,000	
			+9,000,000
Net Increase, 1972.....			+11,898,000
Budget Estimate, FY 1972.....			72,970,000

a/ Does not include $23 million supplemental proposed for separate transmittal.

MANAGEMENT OF LANDS AND RESOURCES
Analysis by Activities

Activity	Fiscal Year 1970 Amount Available	1971 Total Appropriations	1971 Pay Cost Supplemental	1971 Transfer	1971 Amount Available
1. Realty and Mineral Leasing Service	$ 7,477,458	$ 7,564,000	$ 341,000	$ -554,000 a/	$ 7,351,000
2. Resource Management, Conservation and Protection	41,117,266	42,529,000	1,840,000	-136,000 b/	44,233,000
3. Cadastral Survey	5,582,703	5,703,000	284,000	---	5,987,000
4. Firefighting and Rehabilitation	24,790,000	1,000,000 c/	---	---	1,000,000
5. General Administration	2,457,036	2,309,000	192,000	---	2,501,000
Unob. balance lapsing	173,556	---	---	---	---
Total	$81,598,019	$59,105,000	$2,657,000	$ -690,000	$61,072,000

a/ Represents comparative transfer of Hearing Examiner function to Office of Secretary in accordance with Reorganization Plan #3, effective July 1, 1970.

b/ Represents the following

Transfers to General Services Administration :	$87,000
Comparative transfer of Hearing Examiner function:	49,000
	$136,000

c/ Does not include $23 million supplemental proposed for separate transmittal.

MANAGEMENT OF LANDS AND RESOURCES
Analysis by Activities

	FY 1970 Amount Available	FY 1971 Amount Available	FY 1972 Estimate	Increase (+) Decrease (-) 1972 Compared with 1971	Page ref.
1. Realty and Mineral Leasing Services	$7,477,458	$7,351,000	$7,290,000	$- 61,000	11
2. Resource Management Conservation and Protection	41,117,266	44,233,000	46,318,000	+2,085,000	13
3. Cadastral Survey	5,582,703	5,987,000	6,861,000	+874,000	34
4. Firefighting and Rehabilitation	24,790,000	1,000,000	10,000,000	+9,000,000	37
5. General Administration	2,457,036	2,501,000	2,501,000	---	39
Unob. balance transferred to other accounts	---	---	---	---	
Unob. balance lapsing	173,556	---	---	---	
Total	$81,598,019	$61,072,000	$72,970,000	$+11,898,000	

1. REALTY AND MINERAL LEASING SERVICE

Analysis by Subactivities

Subactivity	FY 1970 Amount Available	FY 1971 Amount Available	FY 1972 Estimate	Increase (+) or Decrease (-) 1972 Compared with 1971
(a) Title, Lease and records service	$6,701,367	$6,474,000	$6,416,000	$-58,000
(b) Records Improvement	776,091	877,000	874,000	- 3,000
Total	$7,477,458	$7,351,000	$7,290,000	$-61,000

(a) Title, Lease and Records Services: FY 1971, $6,474,000, FY 1972, $6,416,000; a decrease of $58,000.

Increase (+) or Decrease (-) Amount	Positions	Total Programs	Total Positions	Explanation
$-20,000	-	-	-	To reduce public relations services.
-38,000	-	-	-	To decrease paperwork management costs.
$-58,000				

Program of Continuing Work: The principal program goal of this subactivity is to provide an efficient realty, leasing and records service for the public and governmental agencies. Maintaining public records in the land offices, providing public land status and information about the public land and mineral laws, and processing realty transactions for other Federal agencies, state and local governments, and private individuals are continuing efforts. The actual transfer of land title from the Federal Government is performed here, while the "field" investigation and determination that transfer is proper is performed in the Land classification and mineral examination subactivity.

Leasing and disposing of non-renewable natural resources under conservation guidelines also constitute a large portion of the workload in this subactivity. Mineral resources on the Public Domain and the Federal Outer Continental Shelf become more important each year. In recent years mineral leases have yielded from one-third to one billion dollars in revenue to the Federal Government. Total receipts from lands and minerals programs for the past year and those estimated for the current and budget years are as follows:

REVENUES FROM LANDS AND MINERALS ACTIVITIES FY 1970-72

Fiscal Year	Outer Continental Shelf	All Others	Total
1970	$ 186,861,451	$137,895,766	$324,757,217
1971	1,072,815,000	141,450,000	1,214,265,000
1972	190,000,000	151,740,000	341,740,000

The Bureau has been making rapid strides to improve its management of the OCS mineral leasing program to assure full implementation of multiple-use principles, particularily in the field of environmental protection. In calendar year 1970 two new major steps were taken in the OCS mineral leasing decision process: 1) the holding of public hearings and 2) the preparation of environmental statements under the National Environmental Policy Act of 1969. Additionally, we have been working continually to improve our evaluation of OCS tracts offered for sale to assure a fair return to the public for OCS mineral resources.

(b) Records Improvements: FY 1971, $877,000; FY 1972, $874,000; a decrease of $3,000. This decrease consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
$-2,000	-	-	-	To reduce public relations services.
-1,000	-	-	-	To decrease paperwork management costs.
$-3,000				

Program of Continuing Work: Records improvement includes construction of new land status records in each land office to replace originals which have become worn or illegible through age and use, and incorporation of the records into new systems. Our land offices and the public use the new systems which employ microfilm, electronic data processing and modern reproduction equipment to retrieve land status information quickly and economically. Basic records improvement work for the land status records has been completed in the States of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Oklahoma, Oregon, Utah, and Wyoming; and portions of Alaska, Kansas, Nebraska, and North and South Dakota. New land status record construction for California began in FY 1971 with completion scheduled by FY 1975.

Records improvement also includes a system for the preservation of field survey notes. The system indexes and microfilms the field notes, which have been arranged by township and range, in microfiche aperture card form. Initially the system covered only the regular township surveys, but it now includes mineral and other types of special surveys. The system will increase state and district office efficiency and help preserve the original survey records which are a vital part of the land records. It will also serve the public better in that the field notes will be more usable and copies more readily obtainable, both at the BLM, State and district office levels. The field survey note project for Colorado will be completed in FY 1971, except for a small amount of final verification. In FY 1972, the project for Oregon will be completed except for some final vertification, and most of the indexing for California will be completed.

2. RESOURCE MANAGEMENT, CONSERVATION AND PROTECTION

Analysis of Subactivities

Subactivity	FY 1970 Amount Available	FY 1971 Amount Available	FY 1972 Estimate	Increase (+) or Decrease (-) 1972 Compared with 1971
(a) Land Classification and mineral examination.....	$5,679,748	$6,090,000	$7,260,000	$+1,170,000
(b) Range management.....	6,061,338	6,131,000	6,098,000	- 33,000
(c) Forestry.....	7,217,049	7,683,000	7,636,000	- 47,000
(d) Soil and watershed conservation.....	13,717,520	13,566,000	13,519,000	- 47,000
(e) Fire protection.....	4,629,750	5,340,000	5,874,000	+ 534,000
(f) Recreation and Wildlife.....	3,245,461	3,404,000	3,919,000	+ 515,000
(g) Alaska pipeline inspection.....	566,400	2,019,000	2,012,000	- 7,000
Total	$41,117,266	$44,233,000	$46,318,000	$+2,085,000

(a) Land Classification and Mineral Examination: FY 1971, $6,090,000; FY 1972, $7,260,000; an increase of $1,170,000. The increase consists of:

Increase (+) or Decrease (-) Amount	Positons	Total Program	Total Positions	Explanation
(1) $+200,000	+10	$465,000	25	To reduce land case backlog and improve case processing services.
(2) +100,000	+ 5	300,000	20	To improve land appraisals.
(3) +250,000	+14	250,000	14	To protect surface resources from mineral leasing and exploration damages.
(4) +550,000	+18	550,000	18	To develop a land-use plan for Northern Alaska.
(5) +105,000	-	105,000	6 a/	Financing Change to transfer Missouri River Basin Studies from Bureau of Reclamation.

a/ Positions for Missouri River Basin have always been included in total BLM position and employment ceilings.

(6) - 13,000	-	-	-	To reduce public relations services.
(7) - 22,000	-	-	-	To decrease paperwork management costs.
$+ 1,170,000	+47			

Cost Factors Involved in Increase

(1) Ten permanent positions at an average cost of $12,900, $129,000; travel and per diem costs for field investigations, $20,000; supplies, equipment and specialized personnel training costs, $51,000.

(2) Five permanent positions at an average cost of $12,400, $62,000; travel and per diem costs for field investigation, $30,000; supplies and materials $8,000.

(3) Fourteen permanent positions at an average cost of $12,200, $171,000; travel and per diem for technical field examination, investigation and evaluation, and for interagency conferences, $70,000; supplies and material, $9,000.

(4) Eighteen permanent positions at an average cost of $17,000, $307,000; travel and per diem for field investigation, and for movement of personnel and household effects to Alaska, $82,000; contractual costs for services reimbursable to other agencies and for helicopter rental, $120,000; supplies, materials, and rental space, $41,000.

(5) Six permanent positions at an average cost of $13,100, $79,000; ½ temporary man-years at an average annual cost of $6,000, $3,000; supplies, materials, and travel and per diem for field investigation, $23,000.

(1) Improved Land Services:

Need for Increase: Over the past several years there have been increasing requests for public land and for BLM land services. Despite streamlined application procedures and better-trained personnel, processing these requests has become more time-consuming and costly because of increasing emphasis on protecting the environment and increasing case complexity. In FY 1971 it was estimated that with available resources no more than 13,000 lands cases could be processed and that 12,000 would remain unclosed at the end of the fiscal year. An increase of $265,000 was authorized in the FY 1971 appropriation to begin a program to reduce the number of unclosed cases. With these funds about 730 outstanding cases will be closed reducing the backlog by the end of FY 1971 to about 11,270 lands cases. This backlog includes about 3,270 cases beyond immediate Bureau control and pending action by applicant or others, 1,600 cases within BLM control one year or less in age and 6,400 cases within BLM control over one year. These last are the most costly to resolve, and include those requiring intensive and lengthy field examination, minerals conflict resolution, detailed flood plain evaluation, cadastral survey and environmental quality consideration.

An increase of $200,000 and 10 positions is being requested in this subactivity to continue the backlog reduction program and begin clearing out the 6,400 hard-core cases. Currentdemand projections, based on numbers of new cases received each year, indicate that the hard-core backlog can be eliminated at the increased program level on or about the end of FY 1976.

The requested increase coupled with the $265,000 base will permit us to process about 1280 of the backlog cases per year. Processing will include intensive field examination and classification, comprehensive environmental investigation, protection of public values, flood plain evaluation, minerals conflict resolution, cadastral survey, and final disposition of all cases by Land Offices. An increase of $50,000 and three positions is also being requested under the Cadastral Survey

activity to provide the necessary cadastral support for the casework program. In addition to improving public relations and services, elimination of the casework backlog should simplify routine case processing by reducing public inquiries which increase as cases age and now generate an average of two man-hours of effort per inquiry.

(2) Improved Land Appraisal:

Need for Increase: Accurate appraisals are immensely important in attaining fair market value for land disposals. The land's appraised value determines the sale or lease price for 90% of public land disposals. All land exchanges depend on appraised values. In addition, most public land sale laws and regulations give preference purchase rights or other benefits to various parties which discourage open bid competition and increase the importance of accurate appraisals. For example, under Public Sale Law (R.S. 2455) the owner of contiguous land has the right to buy public land at high bid or at three times the appraised price, whichever is the lesser amount. Other land laws are similarly restrictive.

There also exists in the appraisal system a potential imbalance weighted against the public interest. Over-appraisals are normally appealed and a just price derived. However, under-appraisals are rarely contested. As the volume of appraisals increase and the value of public land rises, this imbalance could conceivably result in millions of dollars of lost revenues. From 1965-1970 BLM completed 17,250 appraisals on 3.75 million acres valued at $109 million. An appraisal variance of only 1% would result in a $1.1 million difference. A corps of highly-trained and skilled appraisers and review appraisers would provide insurance against the possibility of misappraisal.

At present, nearly all BLM appraisals are done as a collateral duty by personnel also performing land classification and planning functions. An increase of $100,000 and five permanent positions is being requested to begin a program to upgrade the quality and credability of BLM appraisals by providing full-time appraisal capability. The nucleus of the appraisal corps will be attained in FY 1972 by segregating the appraisal and lands examination-classification functions. Full-time, qualified appraiser positions will be established in the State offices and in one or more District offices within each state. The additional $100,000 and five positions plus the segregation of the appraisal function will make available in FY 1972 about 20 full-time positions of which 15 will be appraisers and 5 will be support personnel.

(3) Surface Protection:

Need for Increase: The activity in mineral leases and prospecting permits has increased during FY 1969 and 1970 as illustrated by the following table:

LEASES AND PROSPECTING PERMIT ACTIVITY

	Outstanding June 30, 1968	Outstanding June 30, 1969	Outstanding June 30, 1970
Number of lease and permits	95,000	99,000	101,000
Acres covered	58.7 Million	64.3 Million	65.4 Million

A projection indicates that by the end of FY 1971, there will be outstanding on public lands about 103,000 permits and leases embracing 67.5 million acres. Settlement of the Alaskan Native Claims question could substantially increase the projection.

Departmental regulations (43CFR 23), developed in response to intense public pressure and interest at all levels of the Federal Government in protecting surface resources and the environment from unnecessary disturbance or destruction, were issued in January 1969. They provide for the protection of nonmineral

resources and the environment, as well as reclamation of land during and after exploration, development, surface mining and on-site processing of minerals and mineral materials (except oil and gas) under permits, leases or contracts issued under various Mineral Leasing Acts and the Materials Act of 1947. The Bureau's implementing instructions also cover oil and gas leases.

The mineral lease and prospecting activities represent a significant surface protection workload. Even now about 15% of the public domain is under mineral exploration and lease and expanding at a 3% rate annually. All new permits and leases will require examination for surface protection, rehabilitation, and other environmental aspects. This involves detailed technical examinations to devise adequate contract and bonding stipulations and follow-up compliance checks. Each of these permits and leases holds the potential for unnecessary degradation of the landscape and destruction of its surface resources and environment. Erosion, soil disturbance, vegetative and wildlife habitat destruction, water pollution, creation of safety hazards, littering and other environmental abuses are all consequences of uncontrolled mineral development. The abuses of the past are well-documented in scarred and unproductive lands stretching from Appalachia to California to Alaska. The problem continues to multiply each year.

It is estimated that about 7,000 permits and leases will be issued during FY 1971 covering some 6 million acres. The Bureau's 60 minerals professionals including supervisory personnel cannot adequately administer the surface protection requirements which would superimpose examination of at least 100,000 acres per man per year on top of other critical duties.

The proposed increase will provide funds and 14 positions to begin the implementation of the surface protection regulations of the Department. With the additional funds and personnel we will begin developing the capability necessary to:

1. Make detailed, technical examinations of the land, collect and analyze potential surface damage data, and formulate requirements and stipulations for protection of nonmineral resources and reclamation of damaged lands.

2. Cooperate with all Federal agencies involved in mineral leasing practices to help assure a unified, coordinated approach to surface protection.

3. Prepare stipulations to govern proposed industrial exploration and mining.

4. Review exploration and mining plans to evaluate their impact on surface damage and to assure reasonable protection of nonmineral resources and land reclamation.

5. Conduct field reviews to assure implementation of stipulated practices, to evaluate results, and to revise lease requirements and plans as necessary.

In the first year of this program approximately 1,700 leases and permits will be administered. Protection will be extended to 1.5 million acres with an estimated land value in excess of $30 million. The longer this vital program is delayed, the greater will be the unnecessary damage incurred and the potential restoration costs.

(4) North Alaska Land-Use Plan:

Need for Increase: The 200 million acres in Alaska north of the Porcupine, Yukon, and Kuskoquim Rivers has long been considered a secluded wilderness of potential but undetermined wealth. Much of it is still unexplored. Less than 45 million acres have been withdrawn for specific uses. Certain withdrawals were protested by Native inhabitants; and in January, 1969, Department of the Interior issued Public Land Order 4582 withdrawing all Alaskan public lands from disposition until December 31, 1970, to gain time to examine the protest. Consequently, when oil was discovered on the Arctic Slope, this "land freeze" served to forestall

widespread and conflicting claims for land use and ownership. The protection has been extended for six months by Public Land Order 4962. However, "land freezes" cannot be used indefinitely to guarantee resource protection. A use plan must soon be developed so that rational policy decisions about Northern Alaska can be made.

Northern Alaska is on the verge of rapid development. Oil exploration and access by seismic crews have been continuing under the "Notice of Intent" system administered by the Bureau, and it is likely that other resources will soon be discovered in yet unexplored areas. The oil operation, itself, with its large consumption of sand, stone, gravel, and timber is hastening the development of other known resources. Surface transportation to connect Northern Alaska with industrial centers and ice-free ports south of the Yukon, is projected within the near future. Although related to oil needs, these roads will make marketable, now unmarketable resources. For example, livestock grazing potential on the Seward Peninsula is promising, but practice is limited by prohibitive marketing costs. Copper deposits at Bornite are awainting railway and road extension for their development. Accessibility will also increase the harvest of the commercially-unvaluable timber which forests the drainages of the Yukon and Kuskoquim Rivers. Unique scenic and recreation potential exists.

However, Northern Alaska's environment is fragile; its recuperative powers are limited. In some areas physiographic disturbances recorded in the 1800's are still apparent. Moreover, Northern Alaska is valuable to many as a natural wilderness. The Indians and Eskimos who live there are sustained by it. The native and non-native depend on it to provide spawning waters for his commercial fisheries, to provide hunting and fishing grounds for his sport industry, to provide food for his table and to provide recreation opportunities for his personal enjoyment. Others feel its value as the last wilderness far transcends any singular value that any individual resource might offer. Because most of Northern Alaska is under Department of the Interior jurisdiction, the Department must attempt to balance the conflicting demands.

A land-use plan will provide a means to consider these conflicting demands and make orderly resource development and protection decisions. In cooperation with the State of Alaska the Department will develop this plan. The State will emphasize state and private interests in the southern half of Alaska and will contribute to the Departmental effort in the North. All resource needs, potentials, and environmental-ecological threats will be evaluated.

In order to proceed with this effort, $550,000 and eighteen positions are being requested in this budget to provide an interdisciplinary team of professionals and support personnel located in Anchorage. This team will draw upon the expertise of other Interior bureaus, such as Geological Survey and the Bureau of Sport Fish and Wildlife; other Federal agencies; the State of Alaska; and outside consultants in collecting and analyzing the data needed for formulate a regional land-use plan for Northern Alaska.

(5) Missouri River Basin:

Need for Increase: In the past, work in the Missouri River Basin was accomplished by appropriation transfers from Bureau of Reclamation. The funds shown here are the result of a financing change and do not increase the existing program level. Funds and positions for this program are also included under Cadastral Survey as shown in the table below:

Subactivity	Amount	Positions
Land Classification and Mineral Examination	$105,000	6
Cadastral Survey	160,000	13
Total Program	$265,000	19

With the $105,000 and six positions included in this budget, the land inventory and classification program begun in 1947 will be completed and the final report of a 36 report series covering 20,000,000 acres in the Missouri River Basin published. Field and office work will be completed with the summarization and update of the land inventory information contained in the BLM series of reports. Summarization is needed to reduce the volume of existing material and to make it readily available to natural resource planners. Update is needed because of the increased level of natural resource development in the Missouri Basin, the emergence of new use-pressures on the public lands, and the greatly increased dollar value of the resource. The final result will be publication during FY 1972 of a one-volume report containing an analysis of the natural resources of the public lands and their potential contribution in meeting demands in the Missouri Basin area.

In addition, studies of the Platte River Basin in Nebraska are proposed and will be directed to analyzing the effect of public lands on water, sediment, and natural resource relationships in the basin systems. The data will be used to determine the effectiveness of current land uses and future development potential.

(6) Pending Native Claims Legislation: In addition, $2,500,000 will be requested by supplemental appropriation to administer the Alaskan Native Claims settlement upon passage of the legislation now pending before Congress. Of this amount, $1,100,000 will be requested in this subactivity and $1,400,000 in the Cadastral Survey activity.

Program of Continuing Work: Most of the continuing work in this subactivity consists of providing public service and processing public demand cases. Field examinations are completed, and classification and land use decisions are issued for lands and mineral applications under various public land and mineral laws. Land appraisals to assure fair market value are performed, governed by laws that permit recovery of fair market value, for all land transactions.

The authority to classify public land under the Classification and Multiple Use Act (78 Stat. 986) and to sell public lands under the Public Land Sale Act of 1964 (78 Stat. 988) terminated on December 23, 1970. During operation of the C&MU Act about 4 million acres were classified for disposal. These disposal classifications were made in cooperation with state, county, and city planning authorities who expect continuing follow-through by BLM. Consequently, effort expended for classification under the C&MU Act will be used to continue follow-up on the classification. Furthermore, expiration of the C&MU Act does not eliminate the need for classifications for disposal, determination for retention, public participation in the classification process and others; instead, land classification will continue under other existing authorities.

In addition, there are new requirements resulting from recent legislation and executive orders that add to the lands and minerals workload. New national direction has been established through such items as the White House Conference on Natural Beauty (1965); the Highway Beautification Act (1966); the Water Quality Improvement Act (1970), the most recent amendment to the Federal Water Pollution Control Act (1956); the Wild and Scenic Rivers Act (1968); and others concerned with upgrading environmental quality. The Federal Flood Control Policy of 1966 and Executive Order 11296, aimed at minimizing flood damages, directed all Federal agencies to evaluate flood hazard potentials in conjunction with the use and disposal of Federal lands to anticipate environmental effects of all proposed actions and to submit forewarning statements on proposals of major impact. The BLM has initiated a program to insure adequate surface protection and bonding requirements in all future permits, leases, and contracts for all minerals and mineral materials. Appropriate stipulations and other requirements are being developed with the USGS, but issuance of permits, leases and contracts, including bonding, is a BLM responsibility. These laws, executive orders, and national policies have added new dimensions to the land and minerals resource program. Future workload is expected to be more involved, complex and costly to handle.

The land exchange program will continue, utilizing lands classified for disposal and best adapted to exchange. Leases and permits will be issued to permit special uses of the public lands including rights-of-way and easements.

Progress is continuing to be made with oil shale title clearance in Utah, Colorado and Wyoming. In Addition to title clearance work, a comprehensive planning effort will be initiated to insure that the future development of oil shale resources will result in minimum disturbance to other multiple use values.

Review of land previously withdrawn for specific purposes will continue as a part of the land tenure adjustment program. Restorations are made after determination that the need for withdrawal no longer exists. Priority attention is given cases involving state grant and lieu selections, mining projects, trespass, and mining and industrial development.

(b) Range Management: Fiscal Year 1971, $6,131,000; Fiscal Year 1972, $6,098,000; decrease of $33,000. The decrease consists of:

	Increase(+) or Decrease(-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	-$12,000	--	--	--	To reduce public relations services.
(2)	- 21,000	--	--	--	To decrease paperwork management costs.
	-$33,000	--			

Program of Continuing Work: Range Management is the application of current range technology in the management of vegetation, not only to increase livestock forage production but also to help achieve the management objectives of watershed, wildlife, forestry, outdoor recreation, and environmental enhancement. By using livestock as a tool the range manager can often attain the vegetative density and composition desired for these management programs. Of the known methods to manipulate vegetation, livestock are the most easily controlled and can be effectively applied over much larger areas than other treatment measures.

The intensive livestock management required to achieve the desired vegetative density and composition is accomplished through Allotment Management Plans (AMP's). An Allotment Management Plan (AMP) is developed in cooperation with the livestock operator and is an on-the-ground grazing plan to help achieve the management objectives as determined by the Bureau's planning system for a given area. Realization by livestock operators of the increased forage and other benefits obtainable from following a prescribed grazing program has resulted in a backlog of over 500 firm requests for intensive management plans, as of 6/30/70.

Accomplishments to date and an estimate of total AMP requirements follows:

Allotment Management Plans

Plan Implemented 6/30/70		Estimated Total Plan Requirements	
Plans	Acres	Plans	Acres
745	20,506,675	10,700	125,000,000

An estimated 180 AMP's will be completed during FY 1971.

The preparation, supervision, and evaluation of AMP's and supervision of those areas which have not yet been included in a management plan is a major work requirement in this activity.

Additional workload includes maintenance of appropriate use records and issuing 25,000 permits and leases annually. This workload presently requires approximately 56% of the total manpower in the range management activity. About 3.9 million cattle and horses and 7.7 million sheep and goats graze on public lands in the Western States and Alaska plus 23 thousand reindeer in Alaska. Annual forage consumption by livestock from BLM lands is about 14 million animal unit months (AUM's).

In addition over 2½ million big game animals and countless small game, rodents, birds and other animals make their home on these range lands.

In many cases livestock use of public land represents a virtually irreplaceable link in overall livestock forage requirements and is an important segment of the economy of many western communities.

(c) Forestry: FY 1971, $7,683,000, FY 1972, $7,636,000; a decrease of $47,000.

	Increase(+) or Decrease(-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	-$17,000	--	--	--	To reduce public relations services.
(2)	- 30,000	--	--	--	To decrease paperwork management cost.
	-$47,000	--			

Program of Continuing Work:

(1) Forest Management Western Oregon: FY 1971, $4,801,000; FY 1972, $4,770,000.

The object of this program is to manage the Western Oregon lands to provide a permanent supply of timber to local communities and industries. Sales are offered on a sustained yield basis to guarantee that the resource will be available to meet the wood product needs of future generations.

In addition, this program provides direct employment for approximately 10,000 people and supplies 17-20 per cent of the log volume used annually in Western Oregon.

The following table shows volumes, sales prices and receipts in Western Oregon for FY 1968 through FY 1970 and current estimates for FY 1971 and FY 1972. These include O&C, Coos Bay Wagon Road, and Western Oregon Public Domain timber volumes and receipts.

	BLM Sales		Receipts	
FY	Volume Sold (Million Board Feet)	Sales Price[a/]	BLM	Forest Service
1968	1,347	$51,599,000	$47,555,000	$ 6,818,000
1969	1,093[b/]	79,447,000	61,268,000	6,724,000
1970	1,662	82,101,000	51,825,000	10,367,000
1971*	1,323	54,243,000	67,000,000	10,000,000
1972*	1,172[c/]	51,700,000	72,000,000	10,000,000

*Volume to be offered and estimated prices and receipts.

a/ Receipts vary because payments are made on cutting schedules, not at the time timber is purchased (see the table below).

b/ Because of a rapid decline of timber prices at the end of FY 1969, 189 million board feet went "No Bid" and 69 million board feet was withdrawn. This volume was reoffered and sold in FY 1970.

c/ Current studies of the Forest Management Plan may result in volume adjustments.

The following tabulation shows the source of timber sales receipts by type of lands:

FY	O&C Land[a/]	Coos Bay Wagon Road Land	Western Oregon Public Domain	Total
1968	$51,135,000	$1,553,000	$1,685,000	$54,373,000
1969	64,233,000	1,941,000	1,818,000	67,992,000
1970	58,804,000	2,642,000	1,452,000	62,898,000
1971*	72,000,000	3,000,000	2,000,000	77,000,000
1972*	76,000,000	3,500,000	2,500,000	82,000,000

*Estimates

a/ Includes Forest Service receipts.

(2) Forest Management Public Domain: FY 1971, $2,403,000; FY 1972, $2,389,000.

Sales totaling 120 million board feet will be concentrated mainly in California, Colorado, Idaho, Montana, eastern Oregon, Wyoming and Washington, since these states have the best potential for development of commercial forest lands. In the remaining states, forest management will continue at a protective level, yet one which allows meeting the current demand for forest products.

Because of the environmental impact which forest lands have on clean air, water production, wood fibers, wildlife habitat, recreational experiences and other public values, environmental aspects of timber production will receive greater consideration in forest management programs. As part of an intensive management program, a complete inventory of the public forest lands in Montana, Idaho, California, Colorado, and Wyoming is scheduled for completion in 1975.

Actual FY 1968 through FY 1970 and estimated FY 1971 and FY 1972 volumes sales prices, and receipts for timber sold from public domain lands are tabulated as follows:

FY	Volume Sold (Million Board Feet)	Sales Price	Receipts
1968	122,380	$1,996,000	$1,793,000
1969	98,000	3,436,000	1,687,000
1970	125,000	2,568,000	2,121,000
1971*	126,000	1,800,000	2,500,000
1972*	120,000	1,920,000	2,500,000

*Volume to be offered and estimated prices and receipts.

(3) Forest Development Public Domain: FY 1971, $479,000; FY 1972, $477,000.

This program provides for restoration and treatment of denuded commercial forest sites having the highest productive capacity in areas which can utilize the future crop.

Early establishment of trees helps protect watersheds and the timber producing capacity of the land. Often, when tree reproduction is not re-established, undesirable brush species invade which provide no economic benefit, and increase fire hazards. The proposed level of financing will permit the reforestation of approximately 2,340 acres, site improvement on 1970 acres and 650 acres of stand improvement.

(d) Soil and Watershed Conservation: FY 1971, $13,566,000; FY 1972, $13,519,000; a decrease of $47,000. The decrease consists of:

	Increase(+) or Decrease(-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	-$17,000	--	--	--	To reduce public relations services.
(2)	- 30,000	--	--	--	To decrease paperwork management costs.
	-$47,000				

Program of Continuing Work: Work shall emphasize environmental quality and the need for water resources for the social and economic growth of the nation. Water quality and quantity has long been recognized as one of the major aspects of environmental protection and enhancement. Congressional recognition of its importance was reflected in the passage of the Federal Water Pollution Control Act, as amended, the Water Quality Act, the National Environmental Policy Act of 1969 and other related acts. Sediments produced by erosion are the most extensive pollutants of surface water. It is estimated that suspended solids loadings reaching waters in the United States are 700 times the loadings from sewage discharge. This sediment greatly increases the cost of water purification and reduces or destroys the value of water for recreation. Nutrients absorbed on sediment particles contribute to undersirable conditions in lakes and reservoirs. These conditions reduce the water holding capacity which greatly shortens their effective life.

The areas of heavest concentration of sediment in streams (1900 or more parts per million) are the more arid regions of the nation where the majority of public land administered by BLM is located. Unlike many other types of pollution which occur largely at specific locations and are subject to treatment and control, sources of sediment are diffused over a large area and cannot be treated in a conventional fashion. Erosion prevention provides the most effective and often only method for sediment control.

The Soil and Watershed program provides the capital investment required for those land management and treatment practices which provide the greatest opportunity to prevent erosion from BLM lands. It also provides the soils, hydrology and water yield data required to help guide decisions involving all the Bureau's resource management and utilization programs. Watershed considerations increasingly determine when and if timber is to be cut and the harvesting and reforestation practices used; the design and location of roads; techniques and requirements for exploration, extraction and subsequent rehabilitation of mineral and fuel deposits; and land use, rights-of-ways and material sales decisions involving public lands. Soil, watershed and water quantity and quality considerations often are the dominant factor in the design and location of recreation facilities and fish and wildlife habitat protection and development efforts.

Manipulation of vegetation, through intensive livestock management, to obtain the desired vegetation composition and density provides the most extensive and also an economical method of preventing erosion over much of the public land. Before intensive management can be implemented control fences and watering facilities are required. The soil and watershed program is a major source of funds for these facilities.

Many areas have been denuded of vegetation allowing the soil to erode to the point where natural re-vegetation is impossible or will take too long to accomplish the desired results. In these areas artificial re-vegetation and other soil conserving practices such as contouring, pitting and other practices are required. Control of gully erosion may require relatively costly measures of filling and damming along with seeding. Control of streambank and streambed erosion often requires construction of special stabilization structures, riprap of streambanks and sloping and vegetating eroded banks.

The secondary benefits of these practices are important and often exceed the primary ones of preventing or curbing erosion, improved water quality and reducing or preventing flood and sediment damage. Secondary benefits include improved and increased wildlife habitat and livestock forage, forest products and aesthetic considerations.

The plan of work on special projects is essentially similar to the FY 1971 plan with work continuing as listed below:

Special Project	State	Soil and Watershed Conservation Funds FY 1972
Rio Puerco	New Mexico	$ 556,000
Little Beaver	North Dakota	45,000
Makotapi	South Dakota	64,000
Vale	Oregon	1,159,000
Owyhee	Idaho	336,000
Big Horn Basin	Wyoming	376,000
Beowawe	Nevada	100,000
Black Rock[1/]	Nevada	200,000

1/ A portion of the Beowawe Project was shifted to Black Rock, an adjacent high priority watershed in Northern Nevada.

The Bureau's PL 566 (Watershed and Flood Prevention Act) program for FY 1972 will be continued at the FY 1971 level of $150,000. This program coordinates public land programs with the plans and treatment measures being conducted by other agencies under this Act.

CONSERVATION ACCOMPLISHMENTS AND NEEDS OF LANDS UNDER JURISDICTION
of the
BUREAU OF LAND MANAGEMENT

Practice	Units	Inventory of Total Needs 1/	Accomplishments 2/ 1937 - 1970	Planned 1971	Planned 1972	Remaining Work
Water Control Structures.....	Cu. Yds.	242,602,300	28,931,023	673,380	518,000	212,479,897
Other Conservation Practices 3/.....	Acres	19,125,900	3,044,636	11,210	11,800	16,058,254
Protective Fencing.....	Miles	121,900	65,932	1,410	1,065	53,493
Undesirable Plant Control.....	Acres	16,498,800	2,413,029	74,630	123,000	13,888,141
Revegetation.....	Acres	14,798,000	3,584,092	64,215	48,500	11,101,193
Water Developments.....	Number	85,200	42,828	1,180	975	40,217

1/ Inventory of total needs was completed by the Bureau during 1964 and reflected the total needs of the public lands as then identified. The inventory amounts include those listed under "Accomplishments".

2/ Includes all sources; Soil & Watershed, Range Improvements, Fire Rehabilitation, PL 566, and Private.

3/ Includes contour trenches, pitting, furrowing, waterspreading, streambank protection, gully control, dune control, and deep tillage.

(e) Fire Protection: FY 1971, $5,340,000; FY 1972, $5,874,000; an increase of $534,000. The increase consists of:

	Increase(+) or Decrease(-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	+$125,000	--	$622,000	--	Increased protection cost, 2.2 million acres under contract with California State Division of Forestry.
(2)	+ 425,000	+13	2,853,000	92	To improve the initial attack and support capability of the Bureau's fire protection program.
(3)	- 6,000	--	--	--	To reduce public relations services.
(4)	- 10,000	--	--	--	To decrease paperwork management costs.
	+$534,000	+13			

Cost Factors Involved in Increase

(1) Increased contract protection costs on 2.2 million acres from 22.6 cents per acre @ $497,000 to 28.3 cents per acre @ $622,000.

(2) Thirteen permanent positions at an average annual rate of $11,250, $146,000; eleven man years of temporary labor at an average annual rate of $6,300, $69,300; training, travel, and transportation of persons $50,700; radios and radio equipment $70,000; two fire trucks $12,000; fire pumps, equipment and supplies $40,000; helicopter guarantee $12,000; contract study of the effect of fire retardant on aquatic and fish life $25,000.

Need for Increase:

(1) Contract Protection Costs, $125,000: This increase is needed to pay increased contract fire protection costs for approximately 2.2 million acres of BLM land under contract for fire presuppression with the California Division of Forestry. The increase results from increased incidence of fires as well as rising costs for personnel and equipment.

(2) Improved Initial Attack and Support Capability, $425,000: The Bureau is responsible for the protection of about 400 million acres of public land from wildfire. High fire suppression costs and resource losses are, in part, attributable to a shortage of adequate fire prevention, qualified fire control managers and initial attack forces to take immediate action on fires while they are still small. Once fires are actively burning or the danger of fire outbreak is extreme, the Bureau is authorized to utilize emergency funds, hire fire-fighters and take emergency suppression measures. However, during emergency situations it is not possible to properly recruit, train and organize crews. In addition, contracting for equipment and supplies during an emergency situation inevitably places the government at a disadvantage. Furthermore, these activities detract from the fire suppression functions which has to be accomplished concurrently and results in many fires becoming large before effective suppression begins.

These fund and manpower requests are based upon the Bureau's fire control plan and represent a portion of the needs identified in that plan. Full implementation

of the fire plan will provide the means to locate and combat wildfires while they are still small and controllable. It will result in the reduction of: (1) overall fire fighting costs in an average year and over a period of years; (2) loss of resources resulting from large, uncontrolled fires and; (3) disruptive influences caused by project size fires.

Increases will be used to organize and train forces which can rapidly and effectively attack fires when they are small. They will be used to negotiate contracts for equipment, supplies and services before and emergency situation exists and to replace worn out or obsolete radios, pumps, trucks and other fire equipment. The additional funds will provide one full time State office and one District office fire control officer, three radio technicians, four fire control specialists, one training specialist, one dispatcher and two clerks. It will also provide for eleven temporary positions for initial attack and a trained nucleus upon which to expand forces for larger fires. Twelve thousand dollars will be used to provide the guarantee required to assure helicopters will be available when required. These actions are similar to those which proved very successful in Alaska during the 1970 fire season. The effects of fire retardant chemicals on fish or other aquatic life is unknown; $25,000 will be used to finance a study to determine possible detrimental effects.

Program of Continuing Work: The principal goal of protection is to prevent fires and to maintain the capability to control fires as rapidly as possible when they do start. Early detection and effective intial attack with adequate equipment and sufficient, well-trained manpower, including smokejumpers, is the best means of keeping fires and fire damages small.

Toward this end, the Bureau is developing an active program to provide a cadre of professionally trained personnel, an improved communication system and radio network, better fire control training, the beginning of a modernized fire equipment pool, and a limited air operations program.

Fire protection activities have suffered from poor equipment, lack of manpower, and shortage of supplies. In serious fire years, other programs have been hampered seriously due to the necessity of using personnel from these programs as fire control supervisors.

To correct these deficiencies, the Bureau has completed initial fire plans to identify the protection requirements for all resource programs. It considers fuel classes, weather factors, rate of spread, and risk in relation to value classes of the resources. When equipment, manpower, and other facilities are limited, it assists in establishing priorities for both initial attack and follow up suppression.

In Alaska, the Bureau of Land Management has the primary responsibility for fire protection on certain state and private lands as well as on all lands under the jurisdiction of the Department of the Interior.

The Boise Interagency Fire Center, a specialized joint service unit of Bureau of Land Management, U.S. Forest Service, and Weather Bureau trains and arranges backup suppression support in the form of manpower, fire control overhead, and equipment, to the Bureau, other Interior agencies, to the U.S. Forest Service, and to certain State Governments on a reimbursable contract basis.

(f) Recreation and Wildlife: FY 1971, $3,404,000; FY 1972, $3,919,000; an increase of $515,000. The increase consists of:

	Increase(+) or Decrease(-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	$+ 80,000	+5	$ 80,000	5	To provide a ranger force for the California Desert.

	Increase(+) or Decrease(-) Amount	Positions	Total Program	Total Positions	Explanation
(2)	$+150,000	+8	$1,492,000	47	To provide for improved Recreation Management.
(3)	+313,000	+5	2,347,000	86	To improve public land fish and wildlife opportunities.
(4)	- 13,000	--	--	--	To reduce public relations services.
(5)	- 15,000	--	--	--	To reduce paperwork management costs.
	$+515,000	18			

Cost Factors Involved in Increases

(1) Five positions at an average annual cost of $10,200, $51,000; training $2,000; travel and transporation of persons for field work at an average annual salary of $3,400 per position, $17,000; supplies, materials and equipment $10,000.

(2) Eight positions at an average annual cost of $10,400, $83,200; 6 man years of temporary labor at an average annual cost of $6,500, $39,000; travel and transportation of persons for field studies and investigations at an average annual cost of $2,500, $20,000; training, supplies and materials and equipment $7,800.

(3) Five positions at an average annual cost of $10,300, $51,500; 15 man years of temporary labor at an average annual salary of $6,500, $97,500; travel and transportation of permanent employees at an average annual cost of $2,000, $10,000; training, miscellaneous supplies and materials, and equipment, $14,000; contracts for development and rehabilitation of fish and wildlife habitat, $140,000.

(1) California Desert Ranger Force:

Need for Increase: Annual visitor-use on the public lands in the California Desert is increasing at about 5 times the nation-wide trend in recreation use. In 1968, about 5-million visitor days were recorded in the California Desert; yet the Bureau has staffing and facilities to handle less than 1 percent of the visitors. Consequently, virtually all recreation use of the desert is now unregulated. An inventory of off-road vehicle use areas identified 22 separate sites covering 134,000 acres and a trail distance of 940 miles. Much of this vehicular use is destructive to vegetation and soil.

Desert conditions are such that any damage, particularly to vegetation, is slow to recover. For example, in some areas the evidence of World War II military training maneuvers are still readily apparent on the desert landscape. The desert can also be very inhospitable, particularly to the inexperienced traveler and death or serious injuries are not uncommon.

Because of the problems that exist in the California Desert, $80,000 and 5 permanent positions will be used for the initial formation of a ranger force. Working in conjunction with local law enforcement agencies, this force will provide visitor safety, protection, guidance, search and rescue capability, natural resource and facility protection, fire control, and inspection of various permits for recreation activities including organized motor races and rallies on the desert public lands.

(2) Recreation Management:

Need for Increase: Recreation use of the public lands in the Western United States increases annually, at a rate that far exceeds population growth. With outdoor recreation demand linked directly to population, leisure time, transportation and personal income, the role of the public land in meeting these demands in the Western United States has increased in importance, particularly in regions such as southern California where population and economic growth is unprecedented.

Unplanned and uncontrolled use of the public lands for a variety of recreational pursuits can have a highly detrimental effect on the physical landscape, its ecology and its natural and historical features. Fires, litter, uncontrolled use of motor vehicles, water pollution, vandalism and the innocent and/or wanton taking of artifacts from the public lands are detracting from the very attributes which the recreationist seeks. To accommodate these outdoor pressures from the public, comprehensive recreation plans must be formulated which, with future recreational development and management features, will help managers satisfy these outdoor demands while minimizing the destructive influence on the lands and their resources.

$150,000 is to be used to continue recreation studies and inventories, principally in the high use areas of the California Desert and Lower Colorado River.

These studies will include analyses of archeological and historical sites so that plans can be developed to minimize vandalism and pilferage of these national assets. They will also help to identify recreation areas for future development and provide guidelines for recreation management. Studies on a part of the Salmon River in Idaho will also be made to determine whether this river should be included in the National Wild and Scenic Rivers System (PL 90-542).

(3) Wildlife Habitat Management and Development:

Need for Increase: The 480 million acres of public domain are habitat for many forms of wildlife, including numerous species listed as rare or endangered. This land is the largest single public ownership for wildlife habitat resources and yet it receives the least amount of funds for this purpose. Its potential includes the production of large and small game as well as waterfowl and fish. The Bureau administers 60,000 miles of stream and lakes and reservoirs covering 10 million acres. These waters produce important species of fish for recreation and help support a $165 million commercial fishing industry that employ 56,000 people. It is estimated that public land wildlife resources contribute 27,000 jobs to the economy of the western states.

Hunters, fishermen and the appreciative users are finding more and more private lands lost to private groups or to industrial or other type developments. The sportsman and appreciative user have turned to the public lands to satisfy their needs which now approximates over 18 million visitor days annually. Nearly 40 per cent of the 96 million acres of big game habitat in the western public domain states, excluding Alaska, 3,700 miles of stream and 700,000 acres of lakes and reservoirs are in unsatisfactory condition, being unable to maintain adequate populations of wildlife, waterfowl, or fish.

The demands of hunting, fishing and observing wildlife are growing each year while the available habitat diminishes. Some species face extinction. The Bureau will initiate programs for improving fish and wildlife habitat coupled with expanded state cooperation to increase wildlife production on the public lands. This will help accommodate an anticipated three-fold increase in both hunter and fisherman days on the public lands by 1980. Activities on anadromous fishing streams will have an influence on commerical Pacific fisheries. All habitat development will assist relatively undeveloped communities which depend heavily upon fish and wildlife resources for sportsman related income and will provide much needed opportunities for the urban sportsman.

The FY 1972 program is directed toward improving the public land fish and wildlife recreational opportunities and is carried on in close cooperation with State Fish and Game Departments and sportsman's groups. It includes studies, plans, and development and protection of habitat areas.

The Bureau's program considers two distinct users: the appreciative user, who is interested in viewing, photographing and observing wildlife; and the traditional user, the hunter and fisherman. The Bureau is responding to the appreciative group as well as the hunter and fishermen by improving habitat for species listed as rare and endangered, developing ecological demonstration areas and continuing its efforts to improve the habitat of game animals and fish.

Public Law 89-899 provided for the identification and protection of rare or endangered wildlife species. $141,000 is planned for improving the habitat of several rare or endangered species including the Tule Elk in California, Westslope Cutthroat Trout in Montana, Lahonton Trout in Oregon, Pupfish in Owens Valley, California, the Mexican Duck in New Mexico, and to conduct an inventory of rare and endangered species in the California Desert. The benefits of improving the habitat will be realized when the population of these now endangered or rare species is brought to a safe level. Approximately 45,000 visitor days of recreation use will be realized when these projects are completed.

$137,000 will be used to begin the initial development of a wildlife ecology and waterfowl area in Colorado and to improve the status of Bighorn sheep in Idaho. The ecology areas provide minimal sanitation facilities, nature trail and observation blinds from which visitors can watch and photograph wildlife which have been attracted to developed water or food in native habitat. Interpretive signs and displays will help the visitor understand the unique ecology of wildlife in their natural environment. When completed, this ecology and waterfowl area in Colorado will provide an estimated 25,000 visitor days of appreciative use annually. The Bighorn sheep population at Morgan Creek in Idaho is drastically below the levels of six to seven years ago. This program will help to reverse this undesirable trend by improving the habitat for the Bighorn sheep through brush removal, water developments and protective fencing.

Improvement of fisheries resources in Owens Valley, California, is included in the FY 1972 increases at $35,000. This project will benefit both cold water and warm water species as well as the rare and endangered pupfish. Within the first five year period after project completion, an estimated 310,000 visitor days of fishing will be produced within easy reach of the population areas of Southern California.

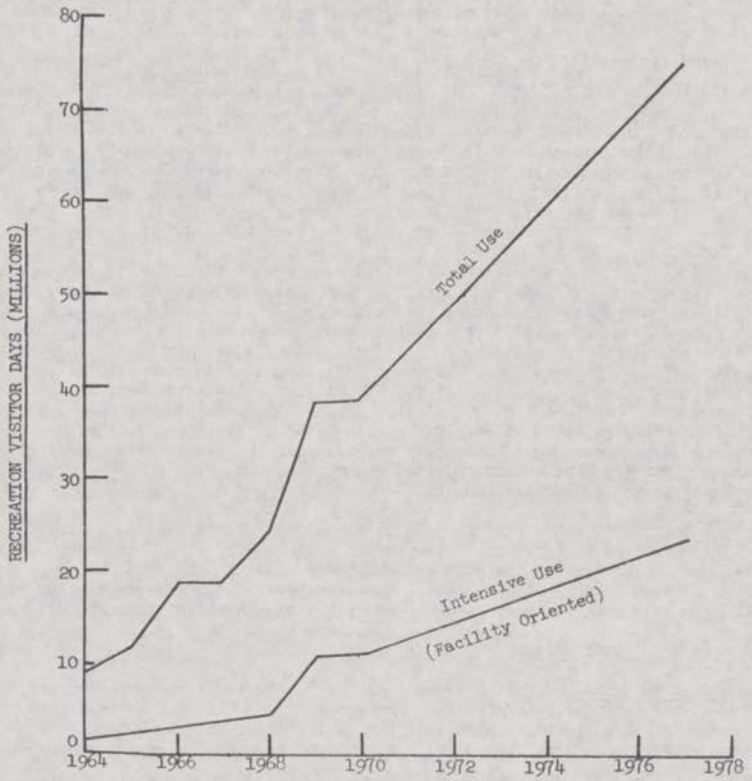
Program of Continuing Work:

Recreation Management: This program includes recreation site inventory and investigation and inventories of national systems such as wild rivers, trails and wilderness areas. Field examination, data collection, access need determination, interpretive work and program direction to both recreation planning and construction are included.

Detailed planning such as feasibility studies, impact studies and preliminary site investigations prior to design and construction will continue to be an important function of the recreation management program. This program will be coordinated with State, local and other federal agencies recreation programs in order to meet public demand, minimize conflicts and provide environmental contacts on the public recreation lands. The ultimate goal of this phase of the recreation management program is to protect the public lands and to provide the public with safe and enjoyable recreational experiences.

Recreational use of the public land is expected to be about 48 million recreation visitor days in FY 1972. This use, together with hunting and fishing, is expected to expand to nearly 75 million visitor days by FY 1977 as indicated on the Recreation Visitor Day Use Graph which appears on the next page.

RECREATION VISITOR DAYS OF USE - PUBLIC DOMAIN



Total Use	9.3	19.0	23.6	38.5	49.5	60.0	70.0	80.0
Intensive Use	2.0	3.3	4.0	10.8	14.8	18.0	21.7	25.0

Graphs based upon recreation visitor day use statistic through 1970 and straight line future projections.

Pressure for recreation on the public land will expand as the nation's population continues to grow. People are demanding an increase in outdoor recreation opportunities. The unsanitary and unsafe conditions that are becoming more apparent every day on public lands are brought about by uncontrolled use by large numbers of people desiring recreation opportunities. For this reason, BLM participation in recreation management is expected to increase.

Wildlife Habitat Management and Development: People want wildlife for many different reasons. The hunters and fisherman want wildlife for recreation reasons. The appreciative user wants wildlife for recreation and academic studies, and many people feel that wildlife is the barometer of environmental health and ecological balances.

The demand for wildlife on the public domain is increasing every year. Hunting and fishing on the public land currently exceeds 10 million days and is expected to reach 25 million days by 1980 an increase of 250%. This is one reason that continued effort will be placed on improving habitat for wildlife on the public land.

This program deals primarily with wildlife and fish habitat and is conducted in cooperation with State Fish and Game Departments and sportsman's groups. It includes studies, plans and rehabilitation and development of habitat areas.

Wildlife habitat rehabilitation and development work provides increased food, water and cover to aid animal production and survival. Water development, protective fencing, browse seeding, and bursh manipulation will continue to be important functions in providing food, water and shelter for wildlife.

Fish habitat development will continue to receive emphasis through streambank stabilization, steam clearance to assist anadromous fish migration and channel structures to provide essential spawning and fingerling habitat.

(g) Alaska Pipeline Inspection: FY 1972, $2,019,000; FY 1973, $2,012,000, a decrease of $7,000. The decrease consists of:

	Increase(+) or Decrease(-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	$-2,000	--	--	--	To reduce public relations services.
(2)	-5,000	--	--	--	To decrease paperwork management costs.
	$-7,000	--			

Program of Continuing Work: This subactivity was established specifically to provide for cost of all activities associated with inspecting and monitoring the progress of the Trans-Alaska oil pipeline. In accordance with Departmental policy, the successful pipeline right-of-way applicant must reimburse the General Fund of the Treasury for those costs which can be attributed to inspection and surveillance activities. These activities involve issuing the right-of-way permits; establishing, reviewing, and enforcing construction and operation guidelines and stipulations; pre-construction review and approval of construction and operation plans and standards; supervising actual construction; monitoring operations once construction is completed; coordinating activities of all participating Federal agencies; evaluating overall environmental effect of pipeline and attendant facilities; and conducting environmental and resource impact studies as necessary. Although it appears unlikely at this time that permits for the pipeline or the associated access road will be issued before the Spring of 1971. BLM has continued to prepare for the start of construction. Specific projects which have been undertaken in FY 1971 include fishery resource studies, hydrologic studies for culvert and fish requirements, archeological field reconnaissance of areas where construction is to be performed, aerial photography for delineation of resource values and location of projects, review and revision of environmental stipulations, formulation and implementation of standard operating procedures for administration and field imspection, field review of proposed material sites, and development of an environmental impact statement. In addition, field surveillance of current activity is continuing.

3. CADASTRAL SURVEY

Analysis by Subactivity

Subactivity	FY 1970 Amount Available	FY 1971 Amount Available	FY 1972 Estimate	Increase (+) or Decrease (-) 1972 Compared with 1971
(a) Alaska.....	$2,117,000	$2,232,000	$2,223,000	$- 9,000
(b) Other States..	3,466,000	3,755,000	4,638,000	+883,000
Total.....	$5,583,000	$5,987,000	$6,861,000	$+874,000

(a) **Alaska:** FY 1971, $2,232,000; FY 1972, $2,223,000; a decrease of $9,000. The decrease consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
$-3,000	-	-	-	To reduce public relations services.
-6,000	-	-	-	To decrease paperwork management costs.
$-9,000				

Program of Continuing Work: The Alaska Statehood Act granted Alaska over 104 million acres of selection rights. As of January 1969, when Public Land Order 4582 withdrew all Alaskan lands from further selection pending settlement of the Natives Claims protests, the State had selected 25.6 million acres. The selected lands must be surveyed before patents can be granted. By the end of FY 1970 6.6 million of the selected acres had been surveyed. The status of the state selections program as of June 30, 1970 is as follows:

Acres patented (survey plats compiled and approved)	5.7 million
Pending completion of patent action	8.4 million
Survey plats completed and approved	6.6 million
Platted; survey plats pending final approval	1.8 million
Field surveys completed, preparation of survey plats in progress	1.5 million
To be surveyed	10.0 million
Total acres selected	25.6 million

It is estimated that by the end of FY 1972 another 2.6 million selected acres will be surveyed and another 8.0 million acres will be patented. When selections resume the state is expected to select about 20 million acres initially and from one to five million acres annually thereafter.

About 65% of Alaska's survey program is for state selection work. The remainder is devoted to special surveys to provide for title transfer under public land laws. These include surveys of native townsites and allotments. In FY 1972 fifty thousand acres are scheduled for special surveys.

It is estimated that all told 1.3 million acres will be surveyed in FY 1972 leaving 348.5 million acres of public land in Alaska still unsurveyed.

Pending Native Claims Legislation: An amount of $2,500,000 will be requested by supplemental appropriation to administer the Alaskan Native Claims settlement upon passage of the legislation now pending before Congress. Of this amount $1,400,000 will be requested in this activity and $1,100,000 in Land Classification and Mineral Examination.

(b) Other States: FY 1971, $3,755,000; FY 1972, $4,638,000; an increase of $883,000. The increase consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) $+750,000	+23	4,478,000	221	To improve cadastral survey capability to support resource management functions.
(2) +160,000	-	160,000	13 a/	Financing Change-to transfer Missouri River Basin Studies from Bureau of Reclamation.
(3) - 10,000	-	-	-	To reduce public relations services.
(4) - 17,000	-	-	-	To reduce paperwork management costs.
$+883,000	+23			

Cost Factors Involved in Increase

(1) Twenty-three permanent positions at an average cost of $9,800, $225,000; forty-four temporary man-years at an average cost of $5,100, $224,000; contractual services, $50,000; specialized training costs, supplies, equipment, travel and per diem, $251,000.

(1) Improved Cadastral Capability:

Need for Increase: Cadastral survey is basic to all major resource programs and is the unique responsibility of BLM. It is needed for public land sales, exchanges and transfers; easement acquisitions; timber sales; rights-of-way actions; and land and timber trespass. The Bureau's cadastral effort has been relatively level since 1965 while population growth and subsequent requests for western lands doubled the demand. Furthermore, the Forest Service Renomumentation Program and the need to establish National Park boundaries require considerable BLM effort. At present rates of accomplishment it will take the Bureau about 176 thousand man years to finish its basic survey work.

Consequently, the cadastral program is operating on a demand basis, rather than on a well-planned survey schedule. This is inefficient and can lead to substantial public losses. Financial losses to the government occur because of doubtful old surveys, particularly in timber sales and trespasses. In California, for example, a wide berth is given where old survey boundaries are ill-defined, potentially resulting in losses of between $30,000 and $55,000 per section logged. Only 40% of the value of BLM trepass timber is recovered because of the unmet need for extensive re-survey and litigation. Furthermore, uncontrolled private use of ill-defined areas can ruin recreation and other uses and lead to other serious public losses.

a/ Positions for Missouri River Basin have always been included in total BLM position and employment ceilings.

The requested increase of $750,000, 23 permanent positions and 44 temporary man-years will help to provide the capability for an orderly, well-planned long-range cadastral program. In FY 1972, an additional 571 miles of line will be run and 1,810 monuments covering 64,000 acres will be set. Because the Bureau has been unable to recruit cadastral surveyors, a part of the increase is for a training school operated by the BLM's Portland Service Center. By FY 1972 it will be in its second year of operation and is expected to graduate 40 trained surveyors. $50,000 of the increase and 3 positions are earmarked to support land case backlog reduction effort described under the Land Classification and Minerals Examination subactivity.

Considerable benefits can accrue from improved survey. It is estimated that over $30 million from timber and land values will accrue in California and Oregon from an efficiently-operating survey program. Long term benefits include more efficient management, better public relations, and prevention of further revenue losses to the government.

(2) Missouri River Basin Studies

Need for Increase: This program will include cadastral surveys and resurveys of areas contributing directly to, or affected by, water resource development. Surveys establish land boundaries for reservoirs and areas to be reclaimed, and re-establish obliterated corners to locate tracts of land and provide horizontal control for further activity such as topographic mapping. This work has been accomplished heretofore with appropriation transfers from the Bureau of Reclamation. Funds are being requested in this budget because of a financing change. This $160,000 program will provide for the survey of Bureau of Reclamation planning and development areas in the James River system of the Garrison Diversion Unit in North Dakota, the Pathfinder and Alvoca reservoirs of the North Platte System in Wyoming, and the Mid-State Division in Nebraska.

Program of Continuing Work: Cadastral survey is fundamental to any land-use application. Lands classified for disposal cannot be disposed of unless surveyed, and land designated for Federal retention cannot be properly managed unless definitely identified. Although only 110 million acres of the original public domain remain to be surveyed, much of the original survey was completed prior to 1910 and is deteriorating. Sixty five percent of the base effort in FY 1972 will be directed to resurveying pre-1910 work and establishing corners which were never actually set, or permanently preserving decaying ones. In addition, effort will continue to be devoted to the growing need for oil and gas leasing maps on the Outer Continental Shelf.

4. FIREFIGHTING AND REHABILITATION

Analysis by Subactivity

Subactivity	FY 1970 Amount Available	FY 1971 Amount Available	FY 1972 Estimate	Increase (+) or Decrease (-) 1972 compared with 1971
(a) Firefighting...	$24,398,845	$ 400,000	$ 9,400,000	$+9,000,000
(b) Rehabilitation.	391,155	600,000	600,000	---
Total.....	$24,790,000	$1,000,000[a/]	$10,000,000	$+9,000,000

a/ Does not include request of $23,000,000 in supplemental funds proposed for separate transmittal.

(a) Fire Fighting: FY 1971, $400,000; FY 1972, $9,400,000; an increase of $9,000,000. The increase consists of:

	Increase(+) or Decrease(-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	$+9,000,000	--	$9,400,000	--	Change from token funding to average of past several year costs.

Cost Factor Involved in Increase

(1) Increase was derived from averaging actual fire costs over a period of several years.

Need for Increase: The amount requested reflects the average cost of actual fire suppression over a four year period. This will greatly reduce the need for cumbersome, time-consuming temporary transfers from other bureaus to finance fire fighting costs until a supplemental appropriation is obtained. The increase will not eliminate the need for temporary use of other appropriations to cover fire costs, but barring an abnormally bad year it would substantially alleviate the need for administrative adjustments and subsequent supplemental appropriations.

Program of Continuing Work: Funds will be used for emergency presuppression and suppression of fires starting on or threatening the public lands.

In its fire control efforts, the Bureau cooperates closely with other agencies to reduce losses from fires. Improved fire fighting techniques, equipment and materials are constantly being adopted. The national fire danger rating system, infrared imagery for detection and mop-up, high altitude thunderstorm detection, air-drop of water and chemical fire retardants and the use of smokejumpers and aircraft are among the measures used to increase fire fighting effectiveness.

Regular salaries of permanent employees used on an emergency basis during the regular duty hours for fire suppression are not included in this estimate, since these salaries are already budgeted in other activities providing for program work.

Alaska experienced one of the worst seasons on record during the spring of 1970; however; improved fire fighting capability and cool, damp weather combined to hold fire losses considerably below 1969 levels. Fire supplemental for FY 1971 fire suppression is now estimated at $23 million including $6.3 million which were carried forward from prior years.

(b) Fire Rehabilitation: FY 1971, $600,000; FY 1972, $600,000; no change.

Program of Continuing Work: Under this subactivity, the Bureau conducts emergency rehabilitation work in burned areas to reduce resource and economic losses. Without adequate and timely rehabilitation after wildfires, the exposed soil is vulnerable to accelerated erosion, streams become silted and polluted with fire debris, watersheds are seriously damaged and water retention and production may be permanently impaired. Prompt protection of the soil mantle through re-establishment of vegetal cover maintains productivity of the lands and retards the invasion of undesireable vegetation.

The requested program level should provide an adequate program for a typical fire year; however, if more extensive damage occurs in a critical fire year the work will require supplemental funds.

5. GENERAL ADMINISTRATION

Activity	FY 1970 Amount Available	FY 1971 Amount Available	FY 1972 Estimate	Increase (+) or Decrease (-) 1971 Compared with 1970
General Administration	$2,457,036	$2,501,000	$2,501,000	---

General Administration: FY 1971, $2,501,000; FY 1972, $2,501,000, no change.

Program of Continuing Work: The general administration activity includes the executive direction and administrative support functions consisting of financial management, personnel management, management analysis, procurement and property management.

Heavy emphasis is placed upon the use of automated systems to accomplish repetitious and routine support work such as payrolling, maintaining ledgers and accounts, preparing monthly management reports and maintaining current information on the progress of work programs and the status of operating budgets, and to provide management with necessary administrative support services. The objective is to provide adequate professional administrative support to all Bureau programs. Appropriations which receive common services from general administration will continue to be charged at the rate of five percent to the benefiting activity.

Personnel Summary

	1970 Actual	1971 Estimate	1972 Estimate
Total number of permanent positions....	3,120	3,155	3,275
Full-time equivalent of other positions	2,062	653	1,114
Average number of all employees.....	5,037	3,657	4,269
Average GS grade.....	8.9	8.9	8.9
Average GS salary.....	$11,708	$11,637	$11,637
Average salary of ungraded positions...	$ 9,010	$ 9,048	$ 9,048

ITEMIZATION OF ESTIMATE

Management of Lands and Resources

	Actual 1970	Estimate 1971	Estimate 1972	Increase (+) Decrease (-)
Program and Financing:				
Total obligations.....	$81,424,463	$61,072,000	$72,970,000	$+11,898,000
Unobligated balance lapsing.....	173,556	---	---	---
Unobligated balance transferred to other accounts.....	---	---	---	---
Transferred to other accounts.....	92,981	690,000		-690,000
Transferred from other accounts.....	---	---	---	---
Pay Cost Supplemental....	---	-2,657,000	---	+2,657,000
Pay Cost (PL.91-305).....	-580,000	---	---	---
Appropriation.....	81,111,000	59,105,000	72,970,000	+13,865,000
Obligation by Objects:				
11.0 Personnel compensation.....	49,834,000	40,163,000	44,911,000	+ 4,748,000
12.1 Personnel benefits: Civilian employees...	4,120,000	4,150,000	4,358,000	+ 208,000
21.0 Travel and transportation of persons.	3,665,000	3,260,000	3,796,000	+ 536,000
22. Transportation of things.....	3,061,000	1,597,000	2,623,000	+ 1,026,000
23.0 Rent, communications, and utilities.	2,372,000	2,180,000	2,593,000	+ 413,000
24.0 Printing and reproduction.....	409,000	412,000	413,000	+ 1,000
25.0 Other services.....	8,098,463	6,137,000	8,849,000	+ 2,712,000
26.0 Supplies and materials.....	8,540,000	1,931,000	3,936,000	+ 2,005,000
31.0 Equipment.....	1,302,000	1,292,000	1,524,000	+ 232,000
32.0 Lands and structures.	5,000	---	---	---
42.0 Insurance claims and indemnities.....	63,000	---	17,000	+ 17,000
Subtotal.....	81,469,463	61,122,000	73,020,000	+11,898,000
95.0 Quarters and subsistence charges.....	- 45,000	- 50,000	- 50,000	---
Total Obligations.....	$81,424,463	$61,072,000	$72,970,000	$+11,898,000

GSA TRANSFER

Mrs. HANSEN. You indicate a decrease of $87,000 in the 1971 appropriation, which was transferred to "Operating Expenses, Public Buildings Service, General Services Administration."

What does this involve?

Mr. HASTEY. When we need additional office space, GSA finds the space for us and leases it. We pick up the costs the first year and then we transfer the funds to GSA the following year and then they pick it up in their budget.

Mrs. HANSEN. Where is this office space located?

Mr. HASTEY. This would be additional office space in the lower Colorado office in Yuma, also additional space in Phoenix.

I would have to provide a complete list for the record.

(The information follows:)

During fiscal year 1970, additional office space was acquired at the following locations:

Anchorage, Alaska.
Phoenix, Ariz.
Yuma, Ariz.
Rifle, Colo.
Missoula, Mont.
Elko, Nev.
Las Cruces, N. Mex.
Moab, Utah.
Lander, Wyo.

TRANSFER OF APPEALS AND HEARINGS

Mrs. HANSEN. You also indicate a reduction in the 1971 appropriation of $603,000, which was transferred to "Salaries and Expenses," Office of the Secretary.

What is involved in this transfer?

Mr. RASMUSSEN. This is the transfer of the Appeals and Hearings function. It represents the amount of money we had in our budget for them.

Mrs. HANSEN. What is your legal authority for the transfer of these funds?

Mr. WILES. The Secretary, under Reorganization Plan 3, organized the appeals and hearings into one office.

Mrs. HANSEN. Please insert the information in the record.

Mr. WILES. Yes.

(The information follows:)

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEPARTMENTAL MANUAL

TRANSMITTAL SHEET

Release Number: 1184
4/20/70

Date: April 8, 1970

Part: 111 DM 13

Subject: ORGANIZATION
Other Departmental Offices
Office of Hearings & Appeals

EXPLANATION OF MATERIAL TRANSMITTED:

This release, 111 DM 13, establishes the Office of Hearings and Appeals which consists of the Division of Hearing Examiners; the Boards of Contract Appeals, Indian Appeals, Land Appeals and Mine Operations Appeals; and appropriate administrative support.

The Division of Hearing Examiners consists of hearing examiners transferred from the Bureau of Land Management and the Office of the Solicitor, and additional examiners appointed pursuant to implementation of the Federal Coal Mine Health and Safety Act of 1969. The Board of Contract Appeals formerly reported directly to the Secretary. The Board of Indian Appeals is transferred from the Office of the Solicitor. The Board of Land Appeals consists of units transferred from the Bureau of Land Management and the Office of the Solicitor. The Board of Mine Operations Appeals is established to perform the review functions required by the Federal Coal Mine Health and Safety Act of 1969.

These transfers are to be completed no later than July 1, 1970. The Assistant Secretary for Administration will arrange for appropriate transfer of personnel, funds, supplies and equipment.

The former release, 110 DM 9, which described the Board of Contract Appeals, is rescinded and replaced by this release.

Walter J. Hickel
Secretary of the Interior

FILING INSTRUCTIONS:

Remove:

110 DM 9 (1 sheet)
Board of Contract Appeals

Insert:

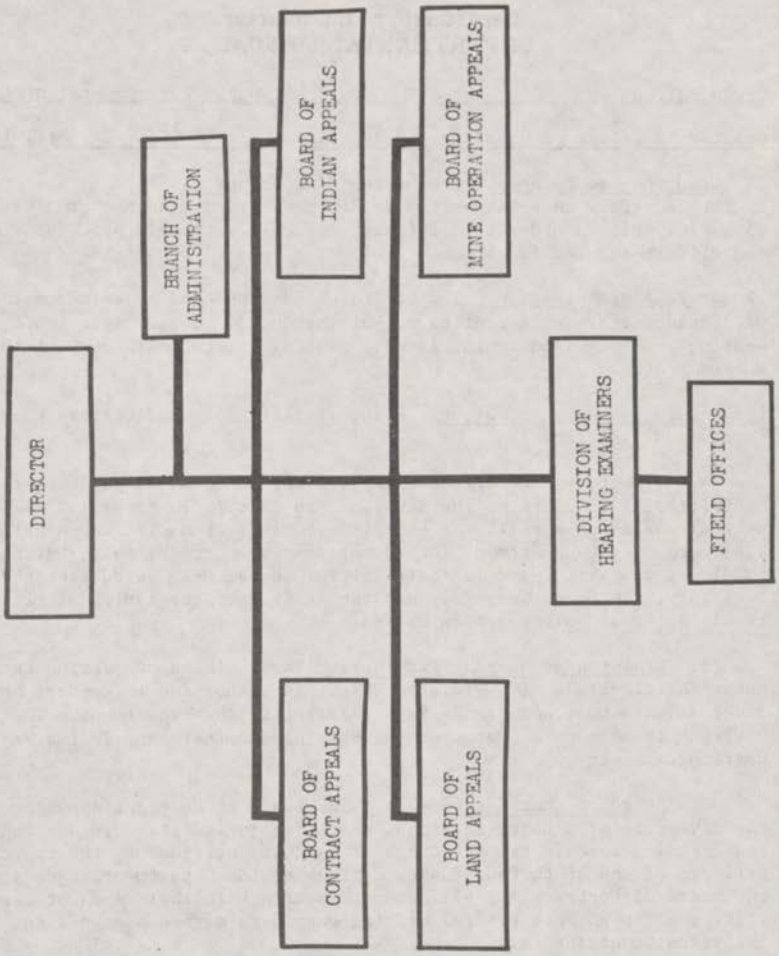
111 DM 13 (3 sheets)
Office of Hearings and Appeals
Chart (1 sheet)

Replaces 4/1/66 (Release No. 817)

This release rescinds 110 DM 9

Replaces 4/1/66 (Rel. No. 817)

ORGANIZATION--OFFICE OF HEARINGS AND APPEALS



4/8/70 (Release No. 1184)
Replaces 4/1/66 (Release No. 817)

Department of the Interior
DEPARTMENTAL MANUAL

.1 Creation and Purpose. The Office of Hearings and Appeals was created by the Secretary under authority of Reorganization Plan Number 3 of 1950 (5 U.S.C. 481) in order to eliminate unnecessary appeals procedures and consolidate related functions.

.2 Overall Organization. The Office of Hearings and Appeals consists of a headquarters organization at Washington, D. C. and offices of hearing examiners and Indian probate hearing examiners throughout the United States.

.3 Headquarters Organization. Responsibility for headquarters functions is divided as follows:

A. Director. The Director supervises, coordinates and directs the activities of the Office. He serves as an ex officio member on the several boards of appeal. He exercises jurisdiction over the hearing examiners of the Department for administrative purposes only, but not to direct or participate in their initial decisions. He advises the Secretary, the Under Secretary and the Assistant Secretaries of matters requiring broad policy determination.

B. Division of Hearing Examiners. The Division of Hearing Examiners, under the direction of a Division Chief, is authorized to conduct hearings under all statutes and regulations relating to the Department. The Division is made up of Departmental Hearing Examiners and Indian Probate Hearing Examiners.

C. Board of Contract Appeals. The Board of Contract Appeals, under the direction of a Board Chairman, exercises jurisdiction in hearing and deciding appeals from findings of fact or decisions by the contracting officers of any of the bureaus or offices of the Department. Members of the Board of Contract Appeals conduct hearings in their area of responsibility, although Departmental hearing examiners may be assigned to individual contract cases.

D. Board of Indian Appeals. The Board of Indian Appeals, under the direction of a Board Chairman, exercises jurisdiction in deciding appeals from decisions of the Bureau of Indian Affairs, decisions of Indian Probate Hearing Examiners, and other Indian litigation.

4/8/70 (Release No. 1184)
Replaces 4/1/66 (Release No. 817)

E. Board of Land Appeals. The Board of Land Appeals, under the direction of a Board Chairman, exercises jurisdiction over cases involving appeals from decisions and orders promulgated by the Bureau of Land Management and by hearing examiners with regard to the use and disposition of public lands and their resources, and, to a limited degree, the use and disposition of the resources of acquired lands.

F. Board of Mine Operations Appeals. The Board of Mine Operations Appeals, under the direction of a Board Chairman, exercises jurisdiction over appeals arising from orders and decisions of hearing examiners issued pursuant to the authority of the Federal Coal Mine Health and Safety Act of 1969, as well as appeals which may be generated by previous and future legislation relating to mineral development and operations.

G. Branch of Administration. The Branch of Administration, under the direction of the Executive Officer, provides administrative services for the Office of Hearings and Appeals in conjunction with the Director of Management Operations.

.4 Field Organization. The field activities of the Office of Hearings and Appeals consists of field offices housing Departmental Hearing Examiners and/or Indian Probate Hearing Examiners which report directly to the headquarters Division of Hearing Examiners.

.5 Locations of Field Offices. Locations of field offices for Departmental Hearing Examiners and Indian Probate Hearing Examiners by city and State appear below:

A. Departmental Hearing Examiners.

(1) Salt Lake City, Utah

(2) Sacramento, California

B. Indian Probate Hearing Examiners.

(1) Aberdeen, South Dakota

(2) Denver, Colorado

(3) Gallup, New Mexico

(4) Billings, Montana

(5) Minneapolis, Minnesota

4/8/70 (Release No. 1184)
Replaces 4/1/66 (Release No. 817)

58-160 O - 71 - pt. 1 --27

(6) Phoenix, Arizona

(7) Portland, Oregon

(8) Sacramento, California

(9) Tulsa, Oklahoma

.6 Public Information. Information requests should be addressed to the Director, Office of Hearings and Appeals, Department of the Interior, Washington, D. C. 20240.

.7 Principal Officials.

Director .....
Chairman, Board of Contract Appeals .....
Chairman, Board of Indian Appeals .....
Chairman, Board of Land Appeals .....
Chairman, Board of Mine Operations Appeals .....
Chief, Division of Hearings Examiners .....
Executive Officer .....

IMPROVED LAND SERVICES

Mrs. HANSEN. You are requesting a $200,000 increase to reduce the land case backlog. What is the size of your backlog and how much will the additional $200,000 reduce this backlog?

Mr. RASMUSSEN. We average about 13,000 cases a year that flow into the Bureau. We will process 13,720 in fiscal year 1971. At the start of the year we had a backlog of 12,000 cases, so we end the year with 11,200 some odd cases. We wiil be able to reduce the backlog of cases by 720 in fiscal year 1971 due to the additional funding this committee provided us last year.

We are trying to reduce the case backlog to about 4,800 cases by the end of fiscal year 1976. We estimate a cost of $350 a case.

NATURE OF CASES

Mrs. HANSEN. What is the nature of these cases?

Mr. RASMUSSEN. They could be an application for a gas and oil lease, an application for a homestead, application for a special use.

Mrs. HANSEN. Such as?

Mr. RASMUSSEN. Transmission line, power line of some kind, a road, these are the types of special use.

Homestead, native allotment, recreation and public purposes, trespass, State selection, rights-of-way, these are the type of cases.

Some of the cases are extremely difficult and take much more time. Others take a rather short time.

Mrs. HANSEN. What is the average length of time for a case?

Mr. RASMUSSEN. From 1 to 2 years, I would say, with the present backlog. Our objective is to complete a case in less than 1 year where the action is within our control.

CASELOAD IS INCREASING

Mrs. HANSEN. Is your caseload increasing each year?

Mr. RASSMUSSEN. Yes.

Mrs. HANSEN. Aren't you going to have to request additional funds to completely reduce your backlog?

Mr. RASMUSSEN. With the budget we have here it will take us 5 years to reach a level where we could have less than 1 year's backlog on hand.

IMPROVED LAND APPRAISALS

Mrs. HANSEN. Justify your request of a $100,000 increase to improve your land appraisals.

Mr. RASMUSSEN. We do a large number of land appraisals. In fiscal year 1970 we appraised 120,000 acres for sale at a value of $2 million.

In land exchanges we appraised about 500,000 acres valued at $15 million. The appraised value last year totaled about $17 million. Our proposal is to improve our appraisal services, to start placing full-time appraisers on the job who can do a more effective and efficient job.

It is necessary for us to get a very realistic appraisal because there may not be more than one bidder on a tract of land. This increase is to improve our land appraisal services. It is badly needed. We think that

the appraisal work has gone along well, but some of our cases have been held up waiting for an appraisal.

Mrs. HANSEN. How much backlog do you have in your land appraisals?

Mr. RASMUSSEN. Appraisals are tied directly back into the land cases. I would say we probably have over a year's backlog.

TITLE, LEASE, AND RECORD SERVICE REDUCTION

Mrs. HANSEN. You anticipate revenues from lands and minerals activity of about $341 million in 1972, and I notice you have reduced your funding by $58,000 for title, lease and records service. May we have your comments on that?

Mr. HASTEY. The $58,000 reduction, Mrs. Hansen, is the public relations and paperwork reduction we talked about earlier. We pay for our public relations work by distributing the costs across all of our subactivities in the management of lands and resources appropriation. Our paperwork management reduction is handled the same way.

Mrs. HANSEN. This reduction is all public relations and paperwork?

Mr. HASTEY. Yes, ma'am. You will find these small reductions all the way through.

Mrs. HANSEN. It is interesting to discover that you have been requesting funds in the past that are not really needed.

PAPERWORK AND PUBLIC RELATIONS REDUCTION

Mr. WILES. May I try to explain the paperwork and public relations reduction.

Mrs. HANSEN. I think you had better.

Mr. WILES. On November 26, the President put out a directive there should be a reduction in public relations type activities that are self-serving. His directive is very clear there is not to be any reduction in the normal flow of information under the information act. It is aimed at such things as film, speeches, multicolored self-serving reports and so on and so forth. It is not aimed at information.

On the paperwork side of the question, over the years in Government a new Director will come in and he will want a special report made every month. He goes and we still make the report month after month and nobody uses it. They are looking in that area to see if they can't stop in-house reports and make some savings. That is the intention of the directive.

I do have the summary of the whole Department by Bureau of what they intend to do if you would like it for the record.

Mrs. HANSEN. Please.

(The summary follows:)

DEPARTMENT OF THE INTERIOR

Reductions in Public Relations and Paper Work Management

Fiscal Year 1972

(In thousands of dollars)

Bureau or Office	Reduction	
	Public Relations	Paper Work Management
Bureau of Land Management	110	200
Bureau of Indian Affairs	63	535
Office of Territories	-	14
Geological Survey	124	274
Bureau of Mines	61	226
Office of Oil and Gas	-	3
Bureau of Sport Fisheries and Wildlife	123	178
National Park Service	250	428
Office of Saline Water	65	10
Office of the Solicitor	-	12
Office of the Secretary	-	14
Bureau of Reclamation	336	238
Bonneville Power Administration	16	119
Southwestern Power Administration	-	9
Total, Reduction	1,148	2,260

DEPARTMENT OF THE INTERIOR

Bureau of Land Management
Bureau or Office

Category	F.Y. 1972	Reductions
I. Paperwork Management		
	Personnel	$ ---
	Reports	200,000
	Other (identify)	---
	Total Reduction	200,000
II. Public Relations Activities		
	Personnel	$ ---
	Travel	---
	Films	---
	Exhibits	15,000
	Other (identify)	95,000 1/
	Total Reduction	110,000
	Grand Total	$ 310,000

1/ Includes reductions in production and printing of public land access maps which are provided free to hunters, fishermen, and other recreationists ($85,000); reductions in printing hand-out copies of speeches by Bureau officials ($5,000); and other miscellaneous reductions ($5,000).

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

Category	F.Y. 1972	Reductions
I. Paperwork Management		
Personnel	32 manyears	$352,000
Reports		125,000
Other: Materials and supplies, transportation and postage		58,000
	Total Reduction	535,000
II. Public Relations Activities		
Personnel	4 manyears	47,000
Travel		5,000
Films		8,000
Exhibits		3,000
Other		---
	Total Reduction	63,000

We propose to set up a study group to determine how the manpower that was utilized in these two areas can be redirected to other functions on a full-time basis. This will cause a reduction of approximately 32 manyears for paperwork management and approximately 4 manyears for the public relations activities. The study group will also determine what internal reporting can be eliminated.

DEPARTMENT OF THE INTERIOR

Office of Territories
Bureau or Office

Category	F.Y. 1972	Reductions
I. Paperwork Management		
Personnel		$ --
Reports		14,000
Other (identify)		--
	Total Reduction	14,000
II. Public Relations Activities		
Personnel		
Travel		
Films		
Exhibits		
Other (identify)		
	Total Reduction	-0-

DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

Category	F.Y. 1972	Reductions
I. Paperwork Management		
Personnel -		
PPB paperwork has been streamlined, with an estimated savings of 1.8 man-years (representing part-time savings for many individuals)		$ 32,000
Increased use of ADP equipment in processing oil and gas production and royalty data and in preparation of bills and reports. [Note that, by acceptance of industry reports in the form of computer print-outs, punch cards, and magnetic tapes, the industry is saved an estimated 62,000 man-hours annually, which is not reflected in our own savings.]		24,000
Reports -		
Re-design of digital recorder tape transmittal and purchase order amendment forms		18,500
Streamlining of docketing and filing systems		6,500
Other -		
Review of internal reporting will continue with view of eliminating non-essentials. By this means and general program curtailment the remainder of the reduction will be absorbed		193,000
	Total Reduction	274,000

Category	F.Y. 1972	Reductions

II. Public Relations Activities

We are examining our public relations activities to determine where the reduction can best be applied. The activities which have been identified as "public relations", and subject to this 43% cut, are the following:

	Estimated Cost FY 1971
Press contacts and broadcasting	$ 71,000
Speeches	19,500
Exhibits and films - the additional cost for use by the general public, of material prepared initially for use with meetings of scientists and engineers and for briefings	118,000
Periodical lists and abstracts of scientific publications	15,000
Other, consisting of recruit-training materials and public tours of field centers	65,000
Total 1971 cost	288,500

Total reduction for 1972, to be applied ---------- $124,000

DEPARTMENT OF THE INTERIOR

BUREAU OF MINES

Category	F.Y. 1972	Reductions
I. Paperwork Management		
Personnel		$205,000
Reports		21,000
	Total Reduction	226,000
II. Public Relations Activities		
Personnel		58,500
Travel		1,000
Printing & Reproduction		500
Supplies & Materials		1,000
	Total Reduction	61,000

DEPARTMENT OF THE INTERIOR

SAMPLE FORMAT

Office of Oil and Gas
Bureau or Office

Category	F.Y. 1972	Reductions
I. Paperwork Management		
Personnel Reports Other (identify)	Oil Import Administration will utilize computerized data processing to save 1/3 man-year in bookkeeping and company record keeping.	$ 3,000.00
	Total Reduction	$ 3,000.00
II. Public Relations Activities		
Personnel Travel Films Exhibits Other (identify)		
	Total Reduction	Not Applicable

Please indicate how you will accomplish reductions in these two areas, i.e. reduction in personnel, etc.
The total reduction amounts should agree with the amounts shown in your Congressional Justifications for F.Y. 1972.
Please return original and 2 copies to Office of Budget by COB, 2/25/71.

DEPARTMENT OF THE INTERIOR

Bureau of Sport Fisheries and Wildlife

Category	F.Y. 1972	Reductions
I. Paperwork Management		
Personnel (elimination of four positions and remainder fractional portions of numerous positions)		$ 122,000
Reports		54,000
Other travel		2,000
	Total Reduction	178,000
II. Public Relations Activities		
Personnel (elimination of three positions)		37,000
Travel		2,000
Exhibits		20,000
Other		
Publications (hatchery and refuge phamplets)		52,000
Books and press releases		12,000
	Total Reduction	123,000

DEPARTMENT OF THE INTERIOR

National Park Service
Bureau or Office

Category	F.Y. 1972	Reductions
I. Paperwork Management		
Personnel		$ -
Reports		428,000
Other (identify)		-
	Total Reduction	428,000
II. Public Relations Activities		
Personnel		$ 97,200
Travel		7,400
Films		-
Exhibits		-
Other (identify) Savings in cost of publications. Reduction in supplies, materials, equipment, control work, etc.		45,400
	Total Reduction	150,000 1/

1/ Reduction reported on December 15, 1970 totals $250,000, consisting of the $150,000 shown above, and $100,000 under the Historic Sites Survey which was proposed as an increase in fiscal 1972 Budget to OMB. This increase was eliminated and does not appear in the fiscal 1972 Budget Justification.

DEPARTMENT OF THE INTERIOR

Office of Saline Water

Category	F.Y. 1972	Reductions

I. Paperwork Management

The reduction is attributed to: elimination or simplification of forms, i.e., form letters, procurement forms and accounting forms;

elimination or simplification of accounting and procurement reports; and

reduction in duplicating.

Manhours saved in preparation and reviewing reports	$ 8,500
Other (supplies and reproduction costs and equipment)	1,500
Total Reduction	$10,000

II. Public Relations Activities

The Office of Saline Water will not participate in projects such as fairs and exhibits sponsored by or for special groups where the advancement of desalting technology is not clearly equal to the out-of-pocket costs incurred. Also plans to produce movies of the OSW desalting research and materials programs have been cancelled. Pamphlets describing the OSW field installations will not be produced except to satisfy a specific need involving exchange of technical information.

If these actions were not taken, the OSW out-of-pocket costs for the types of projects described above, are estimated at:

Travel	$ 1,800
Films	48,200
Exhibits (including shipping, etc.)	15,000
Total Reduction	$65,000

DEPARTMENT OF THE INTERIOR

OFFICE OF THE SOLICITOR

Category	F.Y. 1972	Reductions
I. Paperwork Management		
	Clerical Man-hours saved	$ 8,000.00
	Savings in supplies, office copying, reports	4,000.00
	Total Reduction	$ 12,000.00

58-160 O - 71 - pt. 1 --28

DEPARTMENT OF THE INTERIOR

Office of the Secretary
Bureau or Office

Category	F.Y. 1972	Reduction
1. Paperwork Management		
Personnel		$ 10,000
Reports		2,000
Other (identify)		2,000
Office copier rentals (1,600)	Total Reduction	14,000
Supplies and materials (400)		
II Public Relations Activities		
Personnel		
Travel		
Films		
Exhibits		
Other (identify)		
	Total Reduction	---

PAPERWORK REDUCTION

Mrs. HANSEN. I don't think anybody would be against reductions in unnecessary paperwork. As far as I am concerned, economy in this field is good, except I do have a dismal view of slowing down public information on maps and other areas which will help in the management of your lands.

Mr. RASMUSSEN. Some of the paperwork we do is very important. In our budgeting process, for instance, we prepare reports on expenditures and obligations so we can keep current track of our allocations.

So, much of this is paperwork that the Bureau has used over a period of time. I am not sure we will be able to accomplish this goal.

LAND CLASSIFICATION AND MINERAL EXAMINATION INCREASES

Mrs. HANSEN. You have budgeted an increase of $1.17 million and 47 positions for land classification and mineral examination. Please give us the details of this increase.

Mr. RASMUSSEN. This is the total increase of the various items that are listed 1 through 7 which includes the $13,000 public relations reduction and $22,000 decreased paperwork management.

This calls for improved land services which include the reduction of land case backlog that we described a minute ago. This is under item No. 1.

Under item No. 2, the land appraisal is included and we have discussed that.

SURFACE PROTECTION

Item No. 3 is surface protection and the increase is $250,000.

Under the regulations of the Department we are responsible for the surface protection on the leases. This is mainly in the line of mineral exploration and mineral development. This surface protection would include the development and supervision of stipulations for an open pit mine, for the correlation of the various activities on the mined area and for its ultimate reclamation which would also include supervision. So much of this is to make a technical examination of land that is to be leased for mining.

Mrs. HANSEN. Do you now have certain stipulations on mineral leasing to conform to the National Environmental Policy Act.

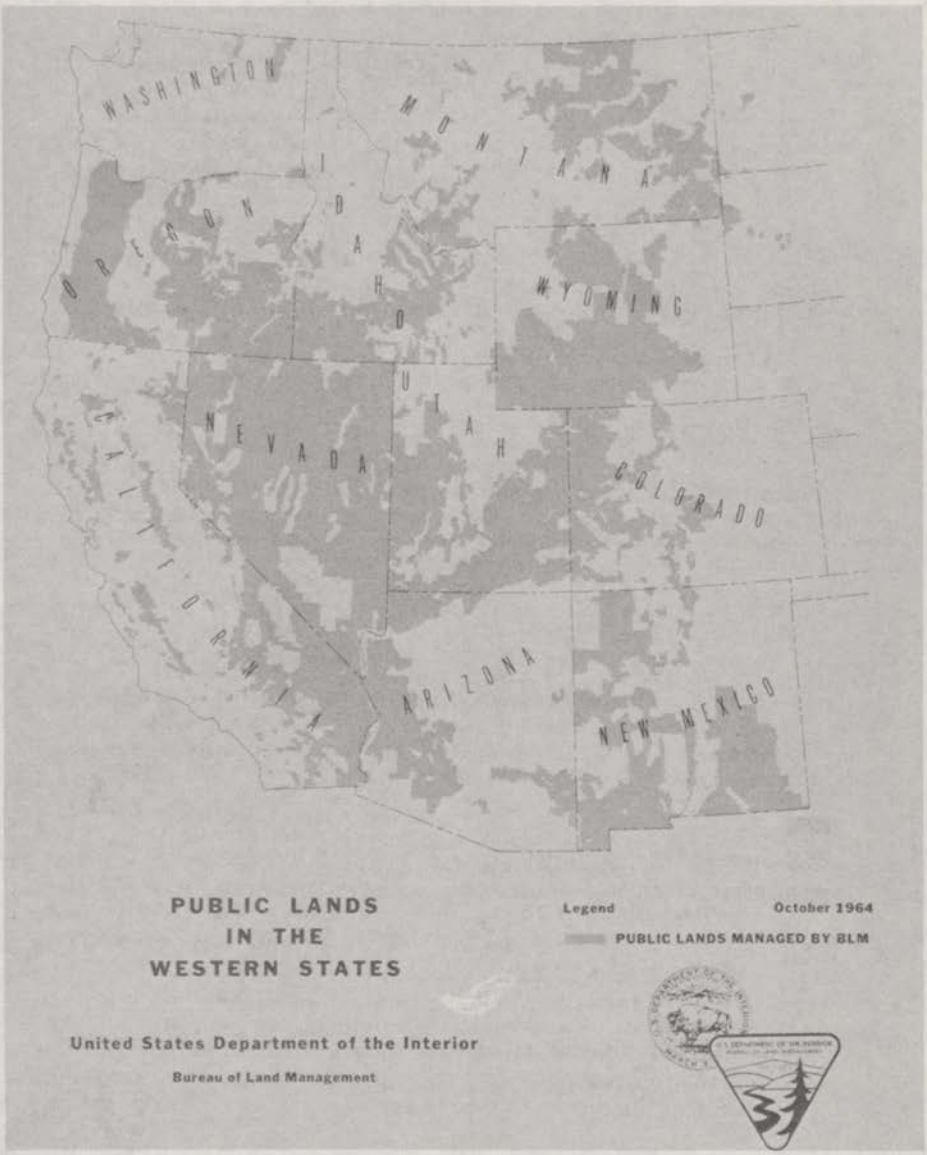
Mr. RASMUSSEN. That is right, we do. In our latest coal leasing contract we have had a number of requirements such as the removal of the topsoil and replacing it when they are through, the sloping of the banks, the reforestation or revegetation of land after it is mined. This is what this increase is for.

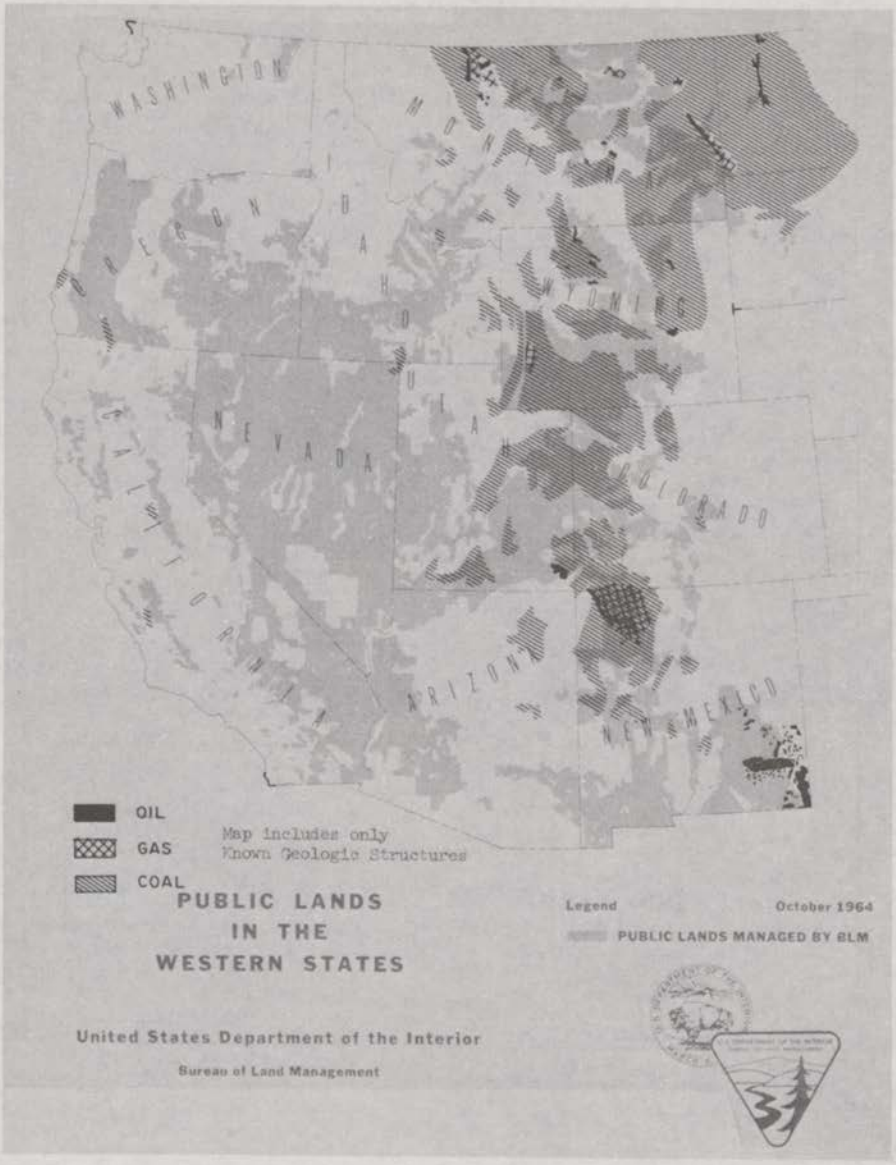
LOCATION OF BLM LANDS

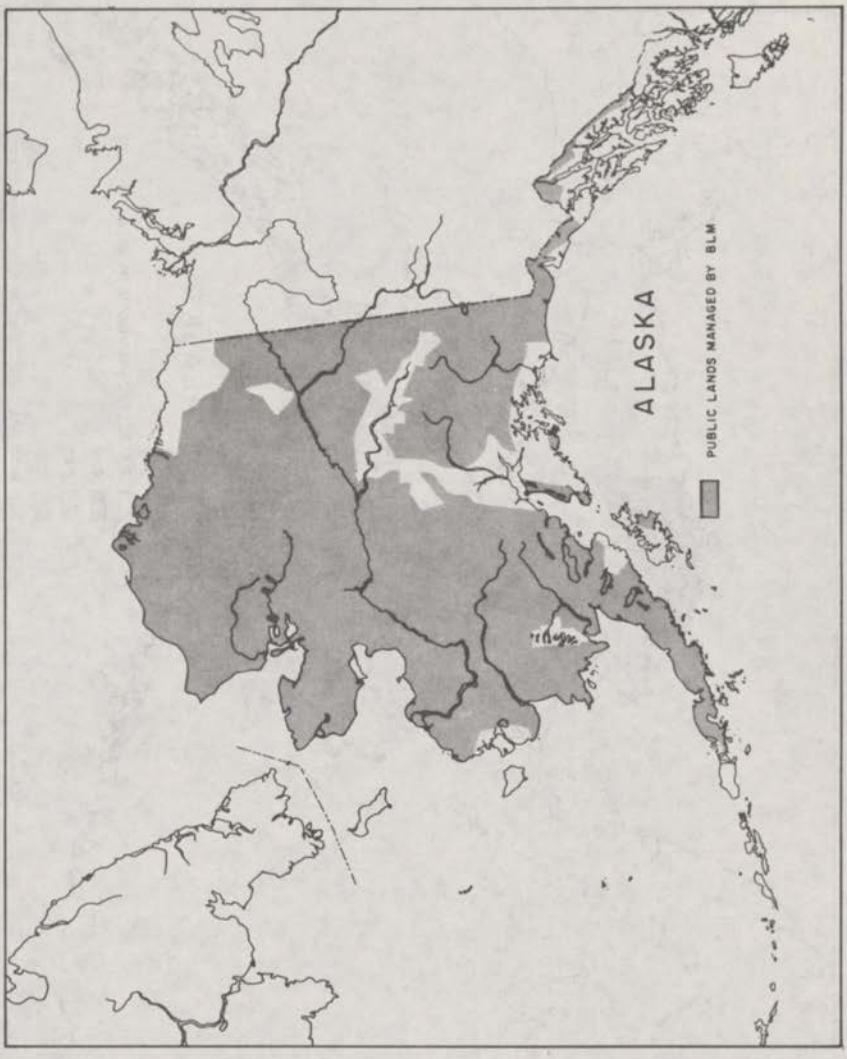
Mrs. HANSEN. Please insert in the record a map which shows the location of all Bureau of Land Management lands.

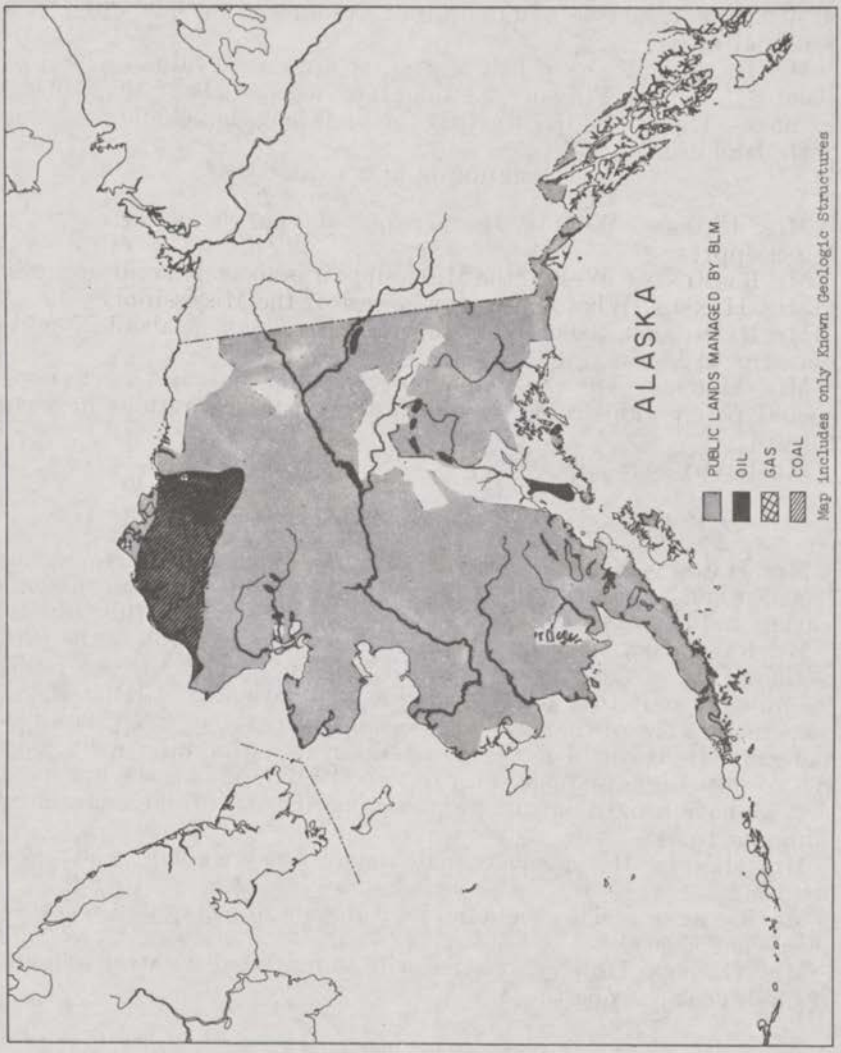
Also insert in the record the locations of the major resources on the Bureau of Land Management lands.

(Information follows:)


WASHINGTON
MONTANA
IDAHO
OREGON
WYOMING
NEVADA
UTAH
COLORADO
CALIFORNIA
ARIZONA
NEW MEXICO
PUBLIC LANDS
IN THE
WESTERN STATES
United States Department of the Interior
Bureau of Land Management
Legend
October 1964
PUBLIC LANDS MANAGED BY BLM


WASHINGTON
OREGON
IDAHO
MONTANA
WYOMING
NEVADA
UTAH
COLORADO
CALIFORNIA
ARIZONA
NEW MEXICO
OIL
GAS
COAL
Map includes only
Known Geologic Structures
PUBLIC LANDS
IN THE
WESTERN STATES
United States Department of the Interior
Bureau of Land Management
Legend
October 1964
PUBLIC LANDS MANAGED BY BLM


ALASKA
PUBLIC LANDS MANAGED BY BLM


ALASKA
PUBLIC LANDS MANAGED BY BLM
OIL
GAS
COAL
Map includes only Known Geologic Structures

VALUE OF BLM LANDS

Mrs. HANSEN. What is the value of the Bureau of Land Management lands from the standpoint of resources, not including recreational areas?

Mr. HASTEY. We have just a straight appraised value of land of about $11 billion. This doesn't take into account all of the mineral resources. This would be primarily the surface resources and the value of the land itself.

ACREAGE OF BLM LAND

Mrs. HANSEN. What is the acreage of your lands west of the Mississippi?

Mr. RASMUSSEN. West of the Mississippi it is about 175 million acres.

Mrs. HANSEN. What is the acreage east of the Mississippi?

Mr. RASMUSSEN. 50,000 acres. In addition we manage about 276 million acres in Alaska.

Mrs. HANSEN. Are you guided in your decisions by the environmental policy guideline? Doesn't this affect the operations of your Bureau?

Mr. RASMUSSEN. Yes, it does.

SURFACE PROTECTION

Mrs. HANSEN. You list a new activity, for which you are requesting $250,000 and 14 positions to protect surface resources from mineral leasing and exploration damages. Give us the details on this, please.

Mr. RASMUSSEN. The surface protection program involves the protection of the surface of the public domain lands where we lease lands for mineral activities. It involves the preparation of stipulations, a cooperative view of the land with various agencies, such as State fish and game. It also involves the actual supervision of mining operations. We are just beginning our work in this activity. This is the first time that we have started on surface protection. It's an initial round on a minimum basis.

Mrs. HANSEN. It is adequate to do the job you are going to be called on to do?

Mr. RASMUSSEN. This was a minimal amount of money and we could use about $500,000.

Mrs. HANSEN. How many acres will be protected with the amount of funds you are requesting?

ACRES TO BE PROTECTED

Mr. RASMUSSEN. This would cover about a million and one-half acres.

Mrs. HANSEN. This brings us back to the fact that you are late with this program and are starting on a minimal basis. All of a sudden you are going to have a big erosion problem resulting in an area that is undersupervised or one in which you haven't developed enough knowledge. One and nine-tenths percent of the total Federal budget in 1972 is allocated to be spent on our natural resources. This committee funds activities that cover one third of the Nation's land surface. It seems to me it's high time enough funds are provided so that these lands can be properly managed.

Mr. RASMUSSEN. I certainly agree with you.

Mrs. HANSEN. You have a great backlog of projects that would improve your natural resource value and yet not enough funds are requested to do an adequate job.

Really, tomorrow's future is wrapped up in todays accomplishments.

DEPARTMENT REGULATIONS

Mr. RASMUSSEN. The Department regulations on this came out in 1969. This was the first time that we have had a directive to do this job. It's a job that needs to be done.

FIRST LAND ACQUIRED BY HIM

Mrs. HANSEN. When was the first acre of land acquired by the Bureau of Land Management?

Mr. RASMUSSEN. I would have to check that.

Mrs. HANSEN. As each State was admitted to the Union wasn't there acreage set aside for the Federal domain?

Insert the information in the record.

Mr. RASMUSSEN. All right.

(The information follows:)

Acquisition of the Public Domain, 1781-1867

The first public domain was ceded to the Federal Government by the states in 1781.

Acquisition	Land Area (Acres)
State cessions (1781-1802)	233,415,680
Louisiana Purchase (1803)	523,446,400
Red River Basin	29,066,880
Cession from Spain (1819)	43,342,720
Oregon Compromise (1846)	180,644,480
Mexican Cession (1848)	334,479,360
Purchase from Texas (1850)	78,842,880
Gadsden Purchase (1853)	18,961,920
Alaska Purchase (1867)	365,481,600
Total	1,807,681,920

LOUISIANA PURCHASE

Mrs. HANSEN. As you are well aware, a great deal of the lands that became part of the public domain came in through the Louisiana Purchase.

Mr. RASMUSSEN. This represented the great bulk of the land.

Mrs. HANSEN. That was a good many years ago. So for over a century and a half, you have had these land problems.

NORTHERN ALASKA LAND USE PLAN

Five hundred and fifty thousand dollars and 18 positions are requested to develop a land-use plan for northern Alaska. What is the total funding approved to date for this activity and how many positions are involved?

Mr. RASMUSSEN. This activity has not been funded and doesn't have any positions.

Mrs. HANSEN. This was considered in the supplemental hearing last fall?

Mr. RASMUSSEN. It was proposed in the supplemental hearing last fall. It has not been activated at all.

Mrs. HANSEN. Is it going to be activated?

Mr. RASMUSSEN. Provided the money is in the 1972 budget.

Mrs. HANSEN. I think you know the feeling of this committee last fall. There was a change of Secretaries and we felt that we should give the new Secretary time to bring his own proposals to the committee.

STATE PARTICIPATION IN PLAN

What is the State of Alaska participation in this plan?

Mr. RASMUSSEN. The State of Alaska has tentatively agreed that it will provide the land-use planning for the land south and east of the PYK line, and that they will provide us with all of their expertise and work with us.

Mrs. HANSEN. Explain the PYK line for the committee.

Mr. HASTEY. This represents 200 million acres north of the Porcupine, Yukon, and Kuskoquin Rivers, just north of this black line (indicating), an area about twice the size of the State of California.

DETAILS OF PLAN

Mr. RASMUSSEN. Mr. Zumwalt could give a more detailed comment.

Mrs. HANSEN. Please explain the plan of operation for this activity in fiscal year 1972.

Mr. ZUMWALT. Mrs. Hansen, we desperately need some guidelines developed for intelligent planning in this northern area. This is what this plan would provide.

The discovery of oil and the other activities, including minerals, timber, fisheries, and recreational activities, all those will impinge upon this area just as soon as it's open.

We want to try to avoid any of the mistakes that have been made in the development and planning in the other States. We feel that by getting in on the ground floor this way we will be able to avoid it.

LAND OWNERSHIP IN NORTHERN ALASKA

Mrs. HANSEN. How many acres in that area is public domain land and how many acres is State of Alaska land?

Mr. ZUMWALT. The State of Alaska selected over 2 million acres in this particular area. It's a vast unexplored area.

ACRES INVOLVED IN NATIVE CLAIMS

Mrs. HANSEN. How many acres will be involved in native claims?

Mr. ZUMWALT. There are some estimates of about 90 percent of Alaska that is under some kind of native claim. I believe the proportion would probably hold in the north as well as in the south.

POPULATION OF ALASKA

Mrs. HANSEN. Please insert in the record the total population of Alaska and of that total, the total native population.

(The information follows:)

POPULATION DATA FOR ALASKA

Total population	313,000
Includes:	
Eskimos, Aleuts	36,000
Indians	18,000
Non-native	259,000

MISSOURI RIVER BASIN

Mrs. HANSEN. A total of $265,000 and 19 positions are included for the Missouri River Basin. Previously, this work was accomplished by appropriation transfers from the Bureau of Reclamation. What is the reason for transferring the funding of this activity to your appropriation?

Mr. HASTEY. Last year the Public Works Committee directed the Department that hereafter the various agencies that have been receiving transfer funds from the Bureau of Reclamation put these requirements in their regular budget estimates. They felt, because the basic studies were largely completed, that the individual Bureaus should fund their own portion.

Mrs. HANSEN. Describe your responsibilities in this connection.

Mr. HASTEY. Our responsibility has been to develop a land inventory and classification program covering 20 million acres in the Missouri River Basin. We also have the responsibility of the cadastral survey work in this area. That is surveying property lines and locating property corners for the Bureau of Reclamation.

We plan to publish the final report in fiscal year 1972, which will complete this portion of the job in the Missouri River Basin area.

ACRES SAVED BY FLOOD CONTROL MEASURES

Mrs. HANSEN. In your justification you discuss the Federal flood control policy.

The Corps of Army Engineers is under continuing criticism from the public about flood control. Please insert at this point the number

of acres of land that have been saved by flood control measures in the United States and the value of the property damage that has been saved by the flood control measures.

(The information follows:)

BUREAU OF LAND MANAGEMENT

The Corps of Engineers reports that from 1936 until the present, their flood control program has prevented property damage valued at $20.7 billion. They are unable to supply the number of acres protected, as their statistics have not been compiled for that parameter.

RANGE MANAGEMENT

Mrs. HANSEN. You have increased your grazing fees, but I notice you have budgeted a decrease of $33,000 in funds for range management. What is the current status of your range management program?

Mr. RASMUSSEN. This is the paperwork and the public relations activities associated with the range management activities.

ALLOTMENT MANAGEMENT PLANS

Mrs. HANSEN. Do you have anything to add on the current status of your grazing lands, aside from your description this morning?

Mr. RASMUSSEN. We have developed an allotment management plan program that is producing very good results. We have a considerable backlog of requests for these plans. With this program, we feel that by management of the animals, we can improve and better these ranges.

CATTLE PER ACRE

Mrs. HANSEN. Please insert in the record the number of cattle per acre on your rangeland.

(The information follows:)

State	*Acres per head of cattle*
Arizona	101
California	54
Colorado	26
Idaho	34
Kansas	0.3
Montana	14
Nebraska	0.3
Nevada	138
New Mexico	51
North Dakota	7
Oregon	49
South Dakota	17
Utah	159
Washington	23
Wyoming	28

FOREST MANAGEMENT

Mrs. HANSEN. Funding for your forest activity in western Oregon is budgeted at about the same level as in 1971. Yet I note in the justifications that the receipts from these lands have increased from $54 million in 1968 to an estimated $82 million in 1972. Do you have any

comments on the adequacy of your forest management operations in this area?

Mr. RASMUSSEN. We have an adequate forestry program in this area. At the present time we have 2.1 billion feet of timber under contract on the O. & C. Coos Wagon Road and Public Domain lands in western Oregon. This is a large volume available for cutting.

Mrs. HANSEN. This timber is under contract but not cut?

Mr. RASMUSSEN. It's under contract but not yet cut, so it's available for the operators to use as a cushion to go in and cut heavy or light. We know the price that was paid, so that we can determine that when it is cut it will produce certain revenues. The estimate of revenues that is shown is derived from the timber presently on the stump.

Mr. WYATT. Madam Chairman, will you yield?

Mrs. HANSEN. Yes.

MANAGEMENT OF O. & C. LANDS

Mr. WYATT. I would like to point out again, as I think the chairman has already done very eloquently, that the management of the O. & C. lands by the Bureau of Land Management is really a model for all Government of what can be done by way of intensive management, where the resources are available. I would like to commend the Bureau of Land Management for an excellent job that was done in this regard.

TIMBER TO BE SOLD IN FISCAL YEAR 1972

I would like to also inquire, Mr. Director, whether or not the estimate of the volume to be sold for fiscal 1972 is flexible within the framework of a final decision on the forest management plan that is pending new before the Department.

Mr. RASMUSSEN. It is flexible. Current studies may result in volume adjustments. However our present program is financed for a sale program of 1.172 billion board feet.

FOREST MANAGEMENT, PUBLIC DOMAIN

Mr. WYATT. Just one other question on public domain forest management program at this particular point. You have outlined a 4-year program to start in fiscal year 1972. This cost is set at $500,000, requiring 400 man-months.

My question is, if the squeeze for wood fiber comes, could this be condensed into a shorter period of time?

Mr. RASMUSSEN. We could condense this into about 3 years.

Mr. WYATT. Would this require additional money this fiscal year?

Mr. RASMUSSEN. It would require additional funding in fiscal year 1972.

Mr. WYATT. Do you have an estimate of what that might be?

Mr. RASMUSSEN. It would be in the vicinity of $150,000 to $200,000.

Mr. WYATT. Thank you, Madam Chairman.

OPTIMUM FUNDING LEVEL

Mrs. HANSEN. You have budgeted about the same amount of funding in 1972 as you had in 1971 for forest management, public domain. Once again I note that the receipts have increased from $1.7 million in 1968 to an estimated $2.5 million in 1972. Do you think forest management in this area is at its optimum level?

Mr. RASMUSSEN. I think the forest management of the public domain lands may or may not be at its optimum level. The first step we have to take is securing the inventory Mr. Wyatt was talking about. This is the first step, to inventory these lands and find out what is there and what their potential is.

These lands have tremendous potential, not only for wood products but for recreation and for wildlife. They are a fine wildlife habitat. Our inventory of these lands is badly needed so that we can really start our management work of the public domain lands.

FOREST DEVELOPMENT, PUBLIC DOMAIN

Mrs. HANSEN. $447,000 is budgeted for forest development, public domain. How adequate is this funding?

Mr. RASMUSSEN. This will give us a reforestation program of about 2,300 acres, 2,000 acres of site improvement and about 650 acres of stand improvement work.

Mrs. HANSEN. Do you have any idea of how many acres need reforesting?

Mr. RASMUSSEN. I believe we estimate in the vicinity of 20,000 acres. This would reforest 10 percent of that.

SOIL AND WATERSHED CONSERVATION

Mrs. HANSEN. $13,519,000 is requested for soil and watershed conservation. Please insert in the record a listing by location of where these funds will be used.

(The information follows:)

Fiscal year 1972 distribution of soil and watershed funds by State

State:	*Amount (in thousands)*
Alaska	$39
Arizona	789
California	527
Colorado	1,059
Idaho	1,510
Montana	1,327
Nevada	1,816
New Mexico	1,462
Oregon	2,293
Utah	1,479
Wyoming	1,218
Total	13,519

USE OF HERBICIDES

Mr. OBEY. Madam Chairman, could I put in at this point one question?

Mrs. HANSEN. Yes.

Mr. OBEY. On page 25, where you list undesirable plant control, I assume you use, among other things, certain kinds of herbicides? If you do, I would be interested in knowing what kinds and what amounts you use of different compounds?

Mr. RASMUSSEN. Mr. Zumwalt, can you answer?

HALOGETON IN UTAH

Mrs. HANSEN. Adding to that question, could you please explain what kind of plant control you are doing in Utah, where the sheep died. Is that your land?

Mr. ZUMWALT. The land where the halogeton poisoned the sheep was on BLM land. Halogeton, of course, is very widespread. It's a very difficult plant to eradicate. It's a pioneer species on poorly developed land. We found that the best control of halogeton is good range management.

Mrs. HANSEN. That gets back to the point I made this morning. If you were spending more on range management, you might be eliminating some of your poisonous plants. Is this not correct?

Mr. ZUMWALT. If we are able to introduce the perennial plants, they will crowd out the halogeton.

Mrs. HANSEN. Do you have experimentation going on presently on what plants can easily replace the poisonous ones?

Mr. ZUMWALT. We have very little in the way of research of that type going on. Of course, the Forest Experiment Stations, the Agricultural Research Service and some of the State university experiment stations are working on the noxious weeds. They are doing considerable research on it.

NUMBER OF ACRES WHERE HALOGETON IS GROWING

Mrs. HANSEN. How many acres is this plant growing on?

Insert the information in the record.

(The information follows:)

HALOGETON

Halogeton now infests approximately 12 million acres in the Western States.

USE OF HERBICIDES

Mrs. HANSEN. Mr. Obey.

Mr. OBEY. I would be interested in knowing if you could just supply for the record, a listing of what kinds of herbicides you use and how much and over how many acres.

Mr. ZUMWALT. We will be glad to do that. There are quite a number of different herbicides that we do use.

(The information follows:)

Herbicide	Usual Rate of Application per acre	Acreage Treated FY 1970	Target Plants	Geographic Area
2, 4 - D	2 lbs.	124,450	Sagebrush, Cockelbur, Oak, Chainise, Manizanita, Alder, Maple	Bureau-wide
Silvex	½ lbs.	27,400	Shinnery Oak, Misquite Seep Willow, Cocklebur	New Mexico, and Arizona
Atrazine	4 lbs.	1,420	Grass	Oregon
Atrazine & 2, 4 - D	3 lbs.	1,975	Grass & Weeds	Oregon
Atrazine, Dalapon & 2, 4 - D	3 lbs.	1,025	Grass & Weeds	Oregon
MSMA	3 lbs.	4,280	Hardwood Tree Species	Oregon
Karnex	20 lbs.	100	Roadside Brush	Oregon

Mr. ZUMWALT. The program of using herbicides, of course, is very carefully surveyed before embarking on their use and it's cleared by a committee in the Department specially set up for this purpose.

SHEEP LOSSES IN UTAH

Mrs. HANSEN. Please insert in the record the details of the Utah sheep losses.

Mr. ZUMWALT. We will give you a coverage of the problem.

(The information follows:)

Utah Sheep losses due to Halogeton Poisoning

During the night of Wednesday January 20, 1971 approximately 1,128 sheep belonging to J. Clarence Ingram of Nephi, Utah died as a result of halogeton poisoning. The deaths occured in Utah's West Desert, some sixteen miles southeast of Garrison, Utah. The events leading up to the deaths took place as follows:

Following the snow storm of the previous week, the sheep had been watering on snow only. As the snow melted from the lower elevations the sheep were moved toward the north end of Antelope Valley on Burbank Hills. For three days preceding the losses, the sheep were grazed in these hills.

The condition of this area for winter sheep use is rated as good. Black sagebrush and shadscale are the predominate vegetation, black sage being a key grazing plant for sheep. During the afternoon the herder started the sheep down toward an old bedground and left them to "bed" themselves down. It was at the bedground that the sheepherder found the animals the next morning. Dead animals were dispersed over a 15-20 acre area. The total old bedground area covered about 60 acres. Through past overuse the vegetation on the bedground has thinned allowing the poisonious plant Halogeton to invade. At the time of the sheep loss Halogeton made up an estimated 30% of the vegetative composition of the bedground area. Less than one percent of the vegetation outside the bedground area consists of halogeton.

An examination of the stomach contents of dead animals reveled that although black sage and shadscale comprised a majority of their diet the sheep had consumed a considerable amount of halogeton.

Sheep have grazed this entire area for many years and the bedground had been used much the same for many years but evidently the warmer weather caused a need for more water which wasn't available since the snow had almost melted. The increased availability of halogeton in the bedground area for both food and water was enough to make the difference to these animals and they picked up a toxic quantity of halogeton, even though they had been grazing it in the hills.

The sheep were sheared and buried in a sanitary manner by their owner near the site where they died.

Halogeton poisoning in livestock, particularly sheep is a problem throughout the arid and semi-arid regions of the West. Halogeton moves in as an invader in this area wherever the native vegetation is disturbed such as along roadsides, fence lines, trails, sheep bedgrounds, etc.

Mechanical control of Halogeton is not practical since it is impossible to cut, pull or destroy all of it. Herbicidal controls cannot be used since they also kill off the native vegetation, many of which are in the same plant family as halogeton, leaving an even more inviting target for invasion from dormant or transported halogeton seeds.

Since costs and difficulties of eradicating this plant appear exorbitantly great, livestock men and the resource manager must learn to live with it.

To live with halogeton, management of both the livestock and resource are needed. Proper livestock herding and watering practices and intensive resource management to restore and maintain plant vegetation and density.

FIRE PROTECTION

Mrs. HANSEN. An increase of $425,000 and 13 positions is budgeted to improve the initial attack and support capability of the Bureau's fire protection program. Please give us a detailed description of your work in this connection.

Mr. CROW. Madam Chairman, this is designed to afford us a better initial attack in advance of the on-coming fire seasons. The money would be used for some additional personnel, for advanced contracting of helicopters, for equipment, and for training of fire crews in advance of their actual need.

Mrs. HANSEN. Don't you receive a better price if you do advanced contracting?

Mr. CROW. That is correct.

COST FACTORS

Mrs. HANSEN. Describe the cost factors of which you base the requested increase for this activity.

Mr. CROW. We have developed what we call a normal year fire plan which consists of actual information and the history of fire activities. This is not intended to be an optimum fire plan but one that we think would fit most years. In this we use information of past experience with fires, and this plan, using all factors, indicates to us that where we have been most weak is in being prepared before the emergency comes on us.

Mrs. HANSEN. Give us the length of your usual fire season.

Mr. CROW. It varies, but generally it's from about the middle of May to the end of August or middle of September.

ACRES LOST BY FIRES

Mrs. HANSEN. How many acres did you lose last year by fire?

Mr. RASMUSSEN. 252,000 acres.

VALUE OF ACRES BURNED

Mrs. HANSEN. What was the value of that 252,000 acres?

Mr. RASMUSSEN. We estimate that the timber losses were under $1 million. We made a rough estimate on the watershed losses and I suppose they could be up to $1 million.

INCREASE IN MAN-CAUSED FIRES

Mrs. HANSEN. How much of this increase in fire damage is the result of man-made fires?

Mr. CROW. There were about 43 percent man-caused.

Mrs. HANSEN. Is this an increase over previous years?

Mr. CROW. It varies from year to year; I would say it is a slight increase.

Mrs. HANSEN. Are these caused mostly from recreationists using the public domain lands?

Mr. CROW. That is right.

Mrs. HANSEN. I understand in Alaska you have the problem of fires spreading quickly into the public domain from privately own property.

Mr. RASMUSSEN. Yes. These are primarily debris burning fires.

Mrs. HANSEN. Are the man-caused fires largely caused by users on the BLM lands?

Mr. CROW. Yes.

FAIRBANKS COMPLEX

Mr. WYATT. Madam Chairman, may I ask a question? I understand there is some problem that you may have in connection with your helicopter base near Fairbanks, Mr. Rasmussen. Am I well advised on that?

Mr. RASMUSSEN. Yes, sir. We do have a problem in connection with the helicopter base at Fairbanks. It's about 3 miles from the airport and on a direct line with the approach to the international airport. During the summertime when we have fires, the air gets smoky and there is difficult vision. The planes come in by instrument. Our helicopters are under control of the tower. But when you are flying helicopters in the approach pattern of an international airport there is a chance of an accident. The FAA has advised us they would like us to leave. We do have an alternate site. I have a picture showing the problem. This is our central fire headquarters for northern Alaska. We also have a pollution problem on the site. Our sewer system is very poor and to add to the problem there is a high water table.

We have a third problem, and that is with floods. In the last flood the whole area was inundated. We have an estimate of $80,000 in this budget to review this situation and make a preliminary site plan. It does give us a very short time to move and we would like to move to the airport.

This picture shows the International Airport and where our helicopters are.

Mrs. HANSEN. I have been there.

Mr. RASMUSSEN. Here is the same site under flood conditions. (Handing her the pictures.) This is just a picture of the airport. We have a site at the airport but we need to start the development of plans for eventually moving to this site. It will take 2 to 3 years to do that. Next year we hope to get the plans started.

Mr. WYATT. You don't anticipate the need of any additional money this year, do you?

Mr. RASMUSSEN. No, but we have a new item for $80,000 for the site plans in fiscal year 1972.

Mr. WYATT. Thank you, sir.

COST OF FIREFIGHTING

Mrs. HANSEN. What was the cost of firefighting on these 252,000 acres?

Mr. HASTEY. $21 million.

Mrs. HANSEN. This should be added to the value of timber burned to get your overall costs.

Mr. HASTEY. Yes.

Mrs. HANSEN. I think this brings home that you have to teach people how to use their land or they are going to cause fires.

FIRE PROTECTION COSTS

Mr. RASMUSSEN. May I add a couple of points?

Mrs. HANSEN. Yes.

Mr. RASMUSSEN. One of the increases that we have here is the increased cost that we have to pay to the State of California, $125,000.

Mrs. HANSEN. What is that all about?

Mr. RASMUSSEN. We contract our fire protection for public domain lands in California to the State of California. They have informed us that their rates are going up and that this will cost us another $325,000. Budget constraints only allow us to add $125,000.

I would like to make one comment on acreage burned. The year before there were more than a million acres that were burned. Our objective is to keep the fires as small as possible, to attack them quickly, to hit them hard, and to have transportation to get there. In order to do that, it costs more. It costs money to get fires manned quickly.

Mrs. HANSEN. It costs less to fight the fires and to get them promptly under control, than to let the land burn.

Mr. RASMUSSEN. We are pleased to have less acreage burned.

Mrs. HANSEN. That is a significant figure.

Mr. RASMUSSEN. Yes.

ACREAGE BURNED AND FIRE COSTS LAST 5 YEARS

Mrs. HANSEN. Because these figures are of significance, please insert in the record the total acreage that has burned in the last 5 years, the associated costs and the percentage of man-caused fires?

(The information follows:)

Fire Fighting Statistics

Calendar Years	No. of Fires			Acreage	Damage	Suppression Cost
	Man Caused	Lightning	Total			
1966	674	824	1,498	1,001,442	$12,522,000	$ 7,496,000
1967	523	716	1,239	202,085	1,331,000	9,039,000
1968	636	990	1,626	1,054,220	8,685,000	11,912,000
1969	791	704	1,495	4,268,235	64,877,000	23,547,000
1970	795	1,073	1,868	251,651	1,183,000	24,225,000

NOTE: All figures are for BLM force account suppression on Federal and other lands.

STATE OF IDAHO FIRE BILL

Mrs. HANSEN. Have you solved your dispute with the State of Idaho on their share of the forest fire costs?

Mr. RASMUSSEN. We solved our dispute with them.

Mrs. HANSEN. Did they pay their share?

Mr. RASMUSSEN. They paid some. I don't know the exact amount that was paid.

Mrs. HANSEN. Please insert in the record their total share and the portion they paid.

(The information follows:)

IDAHO FIRE BILLS

Fiscal year 1967.—BLM issued bill to State of Idaho for Houston Ranch and Charters Mountain fires in the amount of $468,762.

Fiscal year 1970.—BLM negotiated with State on items in contention. Agreed to revised acreage split between Federal and State and minor adjustments in supplies and equipment. As a result, the bill was reduced to $360,378. Idaho subsequently made a compromise offer of $150,000.

Fiscal year 1971.—The Justice Department accepted Idaho's compromise offer and payment of $150,000 has been received.

NOTE: The State of Idaho has not paid a bill for the Potlatch fire in the amount of $8,645 issued in fiscal year 1968.

RANGER FORCE

Mrs. HANSEN. You are requesting an additional $80,000 and five positions to provide a ranger force for the California Desert. Give us the details on this request.

Mr. RASMUSSEN. The southern California Desert received 5 million visitor days in 1968. This is an area that has very few roads. Most of the activity is off-road vehicular recreation.

Mrs. HANSEN. Such as?

Mr. RASMUSSEN. Motorbikes, dune buggies. They also use campers and this type of recreation, where there is access.

With this 5 million visitor days, we have problems in scheduling events, problems in supervision, problems in providing minimum safety to the using public, and problems of most every kind in the California Desert since it's largely unsupervised recreation.

We believe that we need a California ranger force. This is the start of a force. Actually, we think probably eventually we will need 50 people. This is the initial start of a ranger force that would inform the public of some hazards, would schedule events and start some management of the land.

IMPROVED RECREATION MANAGEMENT

Mrs. HANSEN. You are asking for an additional $150,000 and eight positions for improved recreation management. Justify this request.

Mr. RASMUSSEN. This $150,000 would be largely used to continue the recreation studies and inventories in the high-use areas of the California desert and the lower Colorado River.

IMPROVED PUBLIC LAND FISH AND WILDLIFE

Mrs. HANSEN. You are requesting an additional $313,000 and five positions to improve public land, fish and wildlife opportunities. Give us a detailed description of this requirement.

Mr. RASMUSSEN. This is directed toward improving the public land fish and wildlife recreation opportunities and protecting a few rare and endangered species.

Mrs. HANSEN. Is this going to provide the winter feeding for the animals that have had a rather ferocious winter?

Mr. RASMUSSEN. No, this wouldn't.

Mrs. HANSEN. Who has been doing this type of feeding?

Mr. RASMUSSEN. Problems of this type have been solved with donated feed from the public and aircraft from the military.

RARE AND ENDANGERED SPECIES

The increase includes about $141,000 for the improvement of habitat for the Tule elk in California, the westslope cutthroat trout in Montana, the Lahonton trout in Oregon, the pupfish in Owens Valley, Calif., and the Mexican duck in New Mexico, and to conduct an inventory of rare and endangered species in the California desert.

Mrs. HANSEN. Are you working with the Bureau of Sport Fisheries and Wildlife on this program?

Mr. RASMUSSEN. We are working in cooperation with them. We consult with them. We work with them on endangered species. However it's our responsibility to manage the land, and to do the work that we may have discussed with them.

OTHER WILDLIFE INCREASES

We have had some problems with the bighorn sheep in Idaho. I am not sure if you are aware of the articles that have been coming out of our bighorn sheep situation in Idaho.

One hundred thirty-seven thousand dollars will be used to develop a wildlife ecology and waterfowl area in Colorado and to improve the habitat of the bighorn sheep in Idaho. In Owens Valley we will spend about $35,000 on improving the fisheries resources. The overall program is designed to improve the wildlife habitat and the opportunities. These public domain lands are tremendous wildlife areas. They have tremendous potential and in many cases we can increase the potential simply by adding water for the animals.

CONTRACTING FOR FISH AND WILDLIFE HABITAT IMPROVEMENT

Mrs. HANSEN. You are contracting, at a cost of $140,000, for the the development of the rehabilitation of fish and wildlife habitats. Is this correct?

Mr. RASMUSSEN. Most of it is contract.

Mrs. HANSEN. Are you doing some of this work in your bureau?

Mr. RASMUSSEN. Yes.

HUNTING AND FISHING LICENSE RECEIPTS

Mrs. HANSEN. On your lands, who receives the receipts for the fishing and hunting licenses?

Mr. RASMUSSEN. The receipts from the fishing licenses and hunting licenses are received by the State and turned over in many cases to the State game and fish department.

Mrs. HANSEN. Isn't this really a revenue-sharing effort on the part of the Bureau of Land Management because you are providing the habitat and the forest fire protection, and the States receive the receipts from the fishing and hunting licenses?

Mr. RASMUSSEN. Mrs. Hansen, the fish and game departments are very cooperative and we have a number of cooperative programs where they match the funds. I will be glad to insert those in the record.

(The information follows:)

Funds contributed by State fish and game agencies for habitat improvement on the public lands during fiscal year 1970.

State	*Fiscal year 1970*
Arizona	$17,138
California	5,450
Colorado	34,699
Idaho	300
Nevada	58,602
New Mexico	9,000
Oregon	41,578
Total	166,767

ALASKA PIPELINE

Mrs. HANSEN. $2,012,000 is requested for the Alaska pipeline inspection. Please insert in the record the details on how these funds will be spent?

(The information follows:)

Alaska Pipeline Program for 1972 by Type of Activity[1/]

	Activity	Amount
1.	Monitor construction of haul road and pipeline.....	$ 789,000
2.	Monitor related Alyeska activities such as subsurface investigations, topographic surveys, and location and exploration of material sites, campsites, and storage areas.....	567,000
3.	Technical examination, field reports, technical reports and appraisals related to issuance of special land use permits, free use permits, and material sales.	130,000
4.	Inventories and studies related to pipeline impacts on fish and wildlife.....	182,000
5.	Office activities related to review of haul road and pipeline system plans.....	344,000
	Total.....	$2,012,000

1/ Assumes pipeline and haul road permits issued by September 1, 1971.

ALASKA CADASTRAL SURVEY PROGRAM

Mrs. HANSEN. I notice your 1972 funding for cadastral survey work in Alaska is programed at about the same level as in 1971. Will there not be an increased demand for more rapid completion of this work in 1972?

Mr. RASMUSSEN. There may be. Our cadastral work in Alaska is mainly directed toward State selection and also to the Indian native allotments and homesteads. If a native claims bill should pass, it would be necessary for us to come up for a supplemental to continue and to expand our cadastral work in Alaska. We recognize that in the next few years the demands for cadastral surveying are going to skyrocket.

CADASTRAL SURVEY TRAINING

To meet part of this, we have started a school for cadastral engineering in cooperation with one of the southern Oregon colleges.

We provide the field experience and the field work for the engineers so that they get on-the-ground training. This school is just underway. It will give us a source of cadastral engineers in the future. Twenty-two people completed the first class as a refresher course. This gives us a backlog of cadastral engineers that we can hire.

At the present time these are very difficult professionals to find. So we have to train our own. But this school idea was developed with BLM. We are not trying to start a school of our own. We are working directly with the college. The students are taking the academic courses we want them to take and they are getting college credit for the practical courses that we work with them on.

ALASKA CADASTRAL SURVEY BACKLOG

Mrs. HANSEN. How much of a backlog do you have in Alaska on your cadastral surveys?

Mr. RASMUSSEN. We have 10 million acres of State selection to be surveyed.

Mrs. HANSEN. How many surveys do you do per year?

Mr. RASMUSSEN. 1.3 million acres a year in Alaska.

Mrs. HANSEN. At this rate it's going to take a long time to complete the surveys.

Mr. WILES. Madam Chairman, there is a supplemental proposed in the budget for later transmission, if the Alaska Native Claims bill passes, for another $1.4 million for cadastral survey and $1.1 million for land classification and mineral examination.

CADASTRAL SURVEY INCREASE

Mrs. HANSEN. You are requesting an increase of $750,000 and 23 positions to improve cadastral survey capability to support resource management function. Is this related to the entire program which we discussed earlier on the need to know what resources you have?

Mr. RASMUSSEN. Correct.

FIREFIGHTING INCREASES

Mrs. HANSEN. An increase of $9 million is requested for firefighting. Ordinarily firefighting costs are covered by supplemental appropriations after you have had an opportunity to more accurately determine the actual firefighting costs. Does this advanced basis allow you to do your early presuppression work?

Mr. CROW. No, it does not. We find that under the present arrangement we have to borrow money from other activities in the Department.

Mrs. HANSEN. If you borrow funds then you have to curtail the other activities.

Mr. CROW. It's possible that we would do so. The present arrangement has just about made it impossible to operate.

Mrs. HANSEN. If your firefighting costs were $21 million last year and you are now requesting $9 million, you are still going to need an additional $12 million.

Mr. CROW. But this will do a lot to alleviate our problem. It is based on the average firefighting cost for the period 1966–69.

Mrs. HANSEN. Will it alleviate the need to curtail other programs?

Mr. CROW. It will go a long way toward it. It might avoid a no-pay payday some day for all the Department. It could be this serious.

Mrs. HANSEN. Please insert in the record the amount of funds and the agencies where funds were transferred from to meet your forest fire needs.

(The information follows):

FISCAL YEAR 1970 TEMPORARY TRANSFER OF FUNDS FROM OTHER BUREAUS FOR BUREAU OF LAND MANAGEMENT FIREFIGHTING OBLIGATIONS

Bureau	Appropriation	Amount
Bureau of Indian Affairs	Construction	$4,675,000
Bureau of Mines	Drainage of anthracite mines	3,814,722
Bureau of Sport Fisheries and Wildlife	Construction	1,298,000
National Park Service	do	2,900,000
Bureau of Outdoor Recreation	Land and water conservation	10,000,000
Total		22,687,722

GENERAL ADMINISTRATION

Mrs. HANSEN. $2.5 million is requested for general administration. Please insert in the record a tabulation for fiscal years 1970, 1971, and 1972 indicating total administrative costs allocated to program activities indicating the amount of allocation by each program activity.

(The information follows:)

General Administration Program

Source	Fiscal Years 1970	1971	1972
General Administration Activity	$2,468,000	$2,501,000	$2,501,000
Share of appropriation serviced:			
Construction and Maintenance	145,200	167,500	218,000
Public Lands Development, Roads and Trails	175,000	175,000	160,000
Oregon and California Grant Lands	351,000	386,100	391,600
Range Improvements	88,500	89,800	125,700
Advances and Reimbursements	352,000	390,000	390,000
Expenses, Public Land Administration Act	57,400	60,100	60,100
Total Program	$3,637,100	$3,769,500	$3,846,400

OBJECT CLASSIFICATION INCREASES

Mrs. HANSEN. You have budgeted an increase of $2,712,000 for "other services." This is about a 35-percent increase over 1970. What is the justification for this increase?

Mr. HASTEY. This is due to the $9 million firefighting increase in our base. The fiscal year 1971 column does not have the proposed fire supplemental included. In 1972 we have the $9 million firefighting estimated by object class. It's not an accurate comparison, 1972 to 1971, because of the firefighting costs.

Mrs. HANSEN. You have also budgeted an increase of about $2 million for supplies and materials. May we have your comments on this?

Also, what is the justification for an increase of about $1 million for "transportation of things"?

Mr. HASTEY. The reason is the same as I previously explained for the increases in "other services." This is due to the firefighting costs.

Mrs. HANSEN. How accurate would you say your distribution of obligations for fiscal year 1970 by objective classification is?

Mr. HASTEY. 1970 is an actual figure. It does not compare very well with the fiscal year 1970 budget submitted 2 years ago because the firefighting costs were not included then.

Mrs. HANSEN. Mr. McDade?

Mr. MCDADE. No questions.

CONSTRUCTION AND MAINTENANCE

Mrs. HANSEN. Please insert justification pages 41 through 49 in the record.

(The information follows:)

CONSTRUCTION AND MAINTENANCE

Appropriation, 1971		$ 3,310,000
Unobligated balance from prior years		134,000
Total available for obligation		3,444,000
Decreases:		
Construction of buildings and recreation facilities	$1,088,000	
Maintenance of buildings, recreation facilities and roads	2,356,000	3,444,000
Subtotal		---
Increases:		
Construction of buildings and recreation facilities	1,634,000	
Maintenance of buildings and recreation facilities and access roads	2,726,000	
Total available for obligation		4,360,000
Less: Unobligation balance from prior years		---
Budget Estimate, 1972		4,360,000

Analysis by Activities

Activity	Amount Available 1971	Fiscal Year 1972 Estimated Total Available	Unobligated Balance from 1971	Budget Estimate	Total Available 1972 compared to total available 1971	Page ref.
1. Construction	$1,088,000	$1,634,000	---	$1,634,000	+$ 546,000	
2. Maintenance	$2,356,000	$2,726,000	---	$2,726,000	+ 370,000	
Total	$3,444,000	$4,360,000	---	$4,360,000	+$ 916,000	

1. Construction: FY 1971, $1,035,000; FY 1972, $1,634,000; $599,000 increase from the FY 1971 appropriation, exclusive of carryover funds. This program provides for the construction of (a) buildings and (b) recreation facilities.

   (a) Buildings: FY 1971, $300,000; FY 1972, $370,000 an increase of $70,000 from FY 1971 availability, exclusive of carryover funds.

The FY 1972 building construction program consists of the following items:

Boise Interagency Fire Center	$ 100,000
Pollution Control at Several Alaskan Administrative Sites	190,000
Survey and Design of Administrative Complex, Alaska	80,000
Total	$ 370,000

Boise Interagency Fire Center - The Boise Interagency Fire Center (BIFC) was initiated in FY 1967 to more efficiently combat range and forest fires in the western states and Alaska. Through the facilities at BIFC, the Bureau can organize, house, feed, and equip fire suppression crews for fire control on lands of the Bureau, Forest Service, Bureau of Indian Affairs, BSF&W, National Park Service, and state governments. Since 1967, the BIFC has processed crews to assist in 514 fires both in Alaska and the western states. During the 1970 fire season, it participated in 118 BLM fires, 75 Forest Service fires and 12 fires on other Federal and State owned lands.

Support for these fires in 1970 required the processing of almost 10 thousand fire fighting personnel, the handling of over 200 thousand pounds of cargo and the control of over 13 thousand hours of aircraft flight time.

Since the initial survey and design effort in FY 1967, $3,355,000 has been allocated for construction of this key fire protection facility. Features proposed for construction in FY 1972 include:

Development of Crew Training Areas	$56,000
Trailer Pads, and Operating Improvements	21,000
Landscaping and watering system for building grounds	15,000
Engineering, Supervision and Contingencies	8,000
Total	$100,000

The above items will complete the facilities previously initiated and will contribute to the appearance and utility of the fire center. A proposed aircraft hangar, approach ramps and associated site development, supervision and engineering remain to be programmed in a subsequent fiscal year.

Pollution Control and Abatement - Administrative sites at Fort Yukon and Galena, Alaska lack proper sewage facilities. Treatment is required as a part of a government-wide effort to control pollution from Federally operated facilities. Expedients such as outdoor showers, outdoor privies and soaking pits for disposal of waste water are grossly inadequate and result in the pollution of groundwater supplies as well as surface pollution. Temporary stationing of 200 or more emergency fire fighters at these administrative sites compound pollution and health hazards to BLM employees and near by communities. The McGrath Station is characterized by a sewage system which discharges raw effluent into open water within 200 feet of the facility. Unsatisfactory sanitation conditions also exist at Bureau owned sites in Glennallen, Delta, and Tanacross,

Alaska for which survey and design must be accomplished prior to corrective action in Fiscal year 1973.

Work planned in FY 1972 to correct and abate pollution from these Federal facilities is as follows:

Location	Feature	FY 1972 Cost
Ft. Yukon Alaska	25 man capacity shower, wash and toilet building; construction of well with chlorinator and installation of a sanitary septic system.	$ 78,000
Galena, Alaska	25 man capacity shower, wash and toilet building; construction of a sanitary septic system.	90,000
McGrath, Glennallen, Delta & Tanacross, Alaska	Survey and design for replacement, or improvement of sewage disposal systems.	22,000
	Total	$190,000

Fairbanks Complex - The Fairbanks District office facilities are not providing needed safety and shelter for the public and for the personnel and equipment required to operate Bureau's activities in the Fairbanks area. Employees must now use warehouse space and rented trailer houses for office work. BLM must store expensive equipment and supplies in unheated buildings and in the open. The resulting cost in rent, lost efficiency and damaged or lost equipment is prohibitive. The helicopter operation is unsafe, being located close to and in direct line with the Fairbanks International Airport runway. The operation must be moved and additional space has to be provided if this office is to function effectively and in an efficient manner.

The $80,000 proposed in this budget would be used to accomplish the following:

- Develop an overall plan for the proposed complex which will entail a determination of what services will be required and what facilities will best accommodate these needs: this would include the type, number, needed space and juxtaposition of buildings and other facilities to best meet the overall operational requirements.

- Conduct detailed site investigations, and feasibility studies from which preliminary site plans and overall layout of the complex would be based.

- Initiate design phase of project.

The functions enumerated above are important, initial steps toward the development of a new facility at Fairbanks, Alaska. It will also provide the basis upon which to project accurate cost estimates for the construction features.

(b) Recreation Facilities: FY 1971, $735,000; FY 1972, $1,264,000; an increase of $529,000 over FY 1971, exclusive of carryover funds.

Need for Increase: The overall supply-demand picture for public land recreation is not favorable. By the end of FY 1971, public land sites will provide

approximately 2,620 family units capable of accommodating 1,205,000 visitor days per year. Based on current recreation trends, it is estimated that by 1977 an annual capacity of 23,000,000 visitor days will be needed to provide the minimum basic requirements on the public lands. These projections are straight-line relationships of past facility oriented recreational use. Curvilinear projections would more than double the 1977 intensive use estimates.

Millions of Americans are now using the public lands for camping, picnicking, hiking, rock collecting, motorcycling, hunting, fishing, water sports and many other kinds of recreation. They find little or no development to accomodate their basic needs. Consequently, the land itself is abused, streams are polluted, trash is scattered over the ground, wildfires result from campfires built in fire danger areas, and the lack of toilet and sanitation facilities creates hazards to health.

As tourist mobility, income and leisure time increase, all types of recreation use on the public lands will climb to an estimated 75 million visitor days by 1977. The majority of this use will occur in undeveloped areas of the public lands causing abuse and damage to the resource and detracting from the very values which those who use or visit them seek.

The increase will provide facilities in areas where the supply of public facilities is deficient in relation to the existing demands. The proposed sites were selected with particular emphasis on areas which are within reach of the urban dweller and are receiving heavy, uncontrolled use.

Since the land administered by the Bureau of Land Management represents the largest acreage in the nation already in Federal ownership, the total development costs are greatly reduced.

Plan of Work: The FY 1972 projects are listed and described below:

FY 1972 Projects for Recreation Construction

Project	State	County	FY 1972 Cost Est.	FY 1972 Family Units
Lower Colorado River Complex	California Arizona	Imperial Yuma	$500,000	450
California Desert (Imperial Dunes)	California	Imperial	200,000	200
Skookumchuck (Sanitation Improvements at existing site)	Idaho	Idaho	15,000	---
Red Rocks	Nevada	Clark	134,000	60
Rio Grande	New Mexico	Taos	80,000	---
South Pass	Wyoming	Fremont	80,000	40
Pollution Control and Potable Water Development at six Campgrounds	Alaska		105,000	---
Survey and Design all States			150,000	---
Total			$1,264,000	750

Lower Colorado River - The Lower Colorado River is located in the center of a population triangle represented by the greater Los Angeles - San Diego areas of California, Phoenix, Arizona and Las Vegas, Nevada. With 265 miles of river, the region attracts over 4 million visitor days annually. Existing facilities are grossly inadequate to accommodate the heavy influx of weekend and long term recreationists resulting in over-crowded and congested existing sites, inadequate sanitation, and contamination of the river and adjoining shores. Development plans will provide approximately 450 family units, water systems, toilets, and parking.

California Desert - The Imperial Dunes is in an area of active sand dunes which attact an estimated 200,000 visitors each year. Within a short distance of the Lower Colorado River, these majestic dunes are used for a variety of recreational pursuits, particularly by four-wheel drive enthusiasts. Lacking any development at present, plans for this area include 200 family picnic-campsite units oriented to the dune buggy user with appropriate parking and sanitation facilities.

Skookumchuck - Skookumchuck is an existing site located in west-central Idaho adajacent to U.S. Highway 95. The present toilet facilities at this campground are inadequate to accommodate visitation. Built in 1964 as an accelerated public works project, the existing vault type structures create a sanitation problem which compounds BLM's maintenance workload. In FY 1972, these toilet facilities are scheduled for replacement.

Red Rocks - Red Rocks is a region of spectacular color and scenic beauty. located on the outskirts of Las Vegas, Nevada, it has been used as a backdrop for at least one major motion picture. The proposed development in FY 1972 will be the Rocky Gap Campground, one of several sites within the Red Rocks Complex. At present, the site is used by some 43,000 annual visitors. Upon completion of the 40 family units, water system, toilets, internal roads and parking, the site will help accommodate the anticipated 83,000 visitors.

Rio Grande - This project is located within the boundaries of the Rio Grande Wild & Scenic River, established by Public Law 90-542. At present, this river under the Bureau's administration draws about 167,00 visitor use days a year; it is projected to climb to 500,000 when development is complete. Plans in FY 1972 provide for water developments, headquarters building and storage, utilities, protective fencing and walls, signs and other features to promote visitor safety and management.

South Pass - This site is located in Wyoming's South Pass Historic mining area. Heavy use exists in the area even though no recreation or sanitary facilities exist in the area. Present visitor use days in the area is 13,000 the projected visitor use days at the completion will be 34,000. The completed project will provide for 40 family units and adequate parking and sanitary facilities.

Pollution Control and Water Development at Alaskan Campgrounds - A number of previously developed sites in Alaska are characterized by a lack of potable water and inadequate pit-type toilet facilities. Use of open water sources has led to illness of campground visitors. This situation is aggrevated by water pollution from the poorly constructed toilet facilities. The proposed program for FY 1972 will provide 6 vault type toilets, six water developments and sanitary dump areas at six separate campgrounds in Alaska.

2. Maintenance: FY 1971, $2,275,000; FY 1972, $2,726,000; an increase of $451,000 over the amount available in FY 1971, exclusive of carryover funds.

   (a) Maintenance of Buildings: FY 1971, $265,000; FY 1972, $361,000; an increase of $96,000 over 1971 exclusive of carryover funds.

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
+$96,000	+2	+$361,000	11	To provide for maintenance of new BIFC facilities and to upgrade existing facility maintenance.

Cost Factors Involved in Increase

Two full-time permanent positions at an average annual salary of $9,000, $18,000; eight man years of temporary labor at an average annual salary of $6,000, $48,000; supplies, equipment and material $18,000; contractual maintenance services $12,000.

Need for Increase - Increases in Building Maintenance will provide for the maintenance of newly completed facilities at Boise Interagency Fire Center. An increase of $30,000 is required to provide the necessary care and protection for the Barracks Building, Mess Hall, and Parachute Loft. This increase will provide a total of $45,000 for annual maintenance of the BIFC complex. The remaining increase of $66,000 is needed because of rising maintenance costs, level funding over the past several years, and advancing age of many Bureau facilities. These funds will be used to upgrade the level of maintenance on as many as 126 buildings covering 142,000 square feet, 365,000 square feet of yards and parking lots. In addition, hazardous loading docks will be made safe with a part of the increase in the first year.

(b) Operation and Maintenance of Recreation Facilities - FY 1971, $985,000, FY 1972, $1,260,000, an increase of $275,000.

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) $+75,000	+1	+$200,000	+4	To continue the impetus of the Johnny Horizon anti-litter program.
(2) +200,000	+3	+$583,000	+13	To provide maintenance for developed recreation sites.
$+275,000	+4			

Cost Factors Involved in Increase

Four full-time permanent positions at an average annual salary of $10,700, $43,000; nine man years of temporary labor at an average salary of $6,000, $54,000; litterbags, decals, films, exhibits and other promotional items $61,000; maintenance supplies and equipment $35,000; contractual maintenance and clean-up services $82,000.

Need for Increase:

(1) The Johnny Horizon Program - The Johnny Horizon Campaign is designed to encourage the public to respect their outdoor surroundings and enlist public support in keeping the lands, road sides and watercourses free from litter. Litter is costly both in terms of required clean-up and in the very real depreciation of the quality of our outdoor surroundings. Preventive measures coupled with rallying local volunteer help in a public land cleanup effort is to be expanded through the highly successful Johnny Horizon program. In its first year or two, the Johnny Horizon Campaign has found a response in a public increasingly concerned about environmental quality. It has received support in

a number of national publications, nation-wide clubs and hundreds of local organizations. It is also receiving support by well-known celebrities such as Burl Ives, the famous folksinger who has lent his name and talents to the campaign. Johnny Horizon has been the subject of a recent nation-wide television program which featured Mr. Ives and a representative of this Bureau. Nine Governors declared Johnny Horizon days in their respective states. Hard dollar contributions in voluntary manpower and equipment amounted to at least $350,000 in calendar year 1969.

It is important not only to sustain the momentum already achieved, but also to broaden the program in key areas such as the public school systems and organized clubs by providing films, classroom kits and other promotional materials.

(2) Developed Site Maintenance - The increase of $200,000 is intended to upgrade maintenance schedules at developed recreation sites and to provide maintenance at newly developed ones. At present, the Bureau has approximately 135 recreation sites, exclusive of the O&C sites of western Oregon. The growth in the use of these sites by recreationists has required more frequent maintenance schedules in order to keep these facilities safe, attractive and enjoyable for the public. A growing incidence of vandalism has also placed heavier demands on the maintenance burden.

In addition to the existing sites, five new sites are scheduled for construction in FY 1971 which will require full maintenance in the following fiscal year.

Program of Continuing Work: Routine facility maintenance is regularly scheduled to protect the original investment and to keep the facilities safe, sanitary and attractive for public use. In FY 1972 about 2,620 family units will be maintained.

In addition the Bureau will provide continuing cleanup on about 700 undeveloped recreation sites and several hundred miles of roadside.

(c) Maintenance of Roads: FY 1971, $1,025,000; FY 1972, $1,105,000; an increase of $80,000 over FY 1971 exclusive of carryover funds.

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
+$80,000	--	+$1,105,000	48	To provide for periodic maintenance on BLM roads and trails.

Cost Factors Involved in Increase

Two man years of temporary labor at an average annual salary of $6,000, $12,000; rental of road maintenance equipment, $34,000; contractual maintenance services $34,000.

Need for Increase - The Bureau has approximately 47,000 miles of road, most of which are in a deteriorating state. An annual construction program which provides additional road, together with the use of more miles of road without comparable increases in maintenance funds has severely strained available road maintenance funds. As little as 1% of the Bureau roads are being maintained in some areas. Geometrically increasing recreation use of dirt roads has necessitated semi-annual maintenance requirements for roads which were formerly worked on biannually. Erosion resulting from inadequate maintenance washes away large amounts of soil each year. Unmaintained roads inhibit efficient management of the land by making access difficult and time-consuming.

Adequate maintenance on approximately 200 miles of new road and increased schedules on high demand existing roads will result in more efficient land

management activities, more efficient travel, and a reduction of vehicle and equipment damage. Since Bureau roads are generally open to the public, adequate road maintenance would involve less hazard to the users and reduce the chance of adverse court decisions and liability for the government. Public criticism can be moderated. Useable roads can encourage public driving and use in areas that would suffer site damage by off-the-road vehicular traffic.

Program of Continuing Work: The Bureau's most heavily used roads and trails are maintained in a safe and passable state.

The FY 1972 program plans are for 5,200 miles of preventive and 800 miles of corrective maintenance. Substandard roads will receive nominal maintenance: appropriate ones will be programmed for future improvements or reconstruction. The Bureau's road inventory and annual maintenance plan provides the basis for the estimates.

Personnel Summary

	1970 Actual	1971 Estimate	1972 Estimate
Total number of permanent positions.....	91	99	106
Full time equivalent of other positions...	58	58	72
Average number of all employees.....	115	145	166
Average GS grade.....	8.9	8.9	8.9
Average GS salary.....	$ 11,708	$ 11,637	$ 11,637
Average salary of ungraded positions.....	$ 9,010	$ 9,048	$ 9,048

ITEMIZATION OF ESTIMATE

Construction and Maintenance

	Actual 1970	Estimate 1971	Estimate 1972	(+)Increase (-)Decrease
Program and Financing:				
Total obligations.....	$2,962,000	$3,444,000	$4,360,000	$+916,000
Unobligated balance available start of year.....	-197,000	-134,000	---	+134,000
Unobligated balance available end of year...	134,000	---	---	---
Transferred from other accounts.....	---	---	---	---
Appropriation.....	$2,899,000	$3,310,000	$4,360,000	$1,050,000
Obligation by Objects:				
11.0 Personnel compensation.....	1,092,000	1,396,000	1,582,000	+186,000
12.1 Personnel benefits: Civilian employees...	78,000	112,000	127,000	+ 15,000
21.0 Travel and transportation of persons.	77,000	83,000	88,000	+5,000
22.0 Transportation of things.....	127,000	150,000	165,000	+15,000
23.0 Rent, communications, and utilities.....	17,000	20,000	25,000	+5,000
24.0 Printing and reproduction.....	28,000	32,000	36,000	+4,000
25.0 Other services.....	375,000	416,000	513,000	+97,000
26.0 Supplies & materials.	266,000	374,000	435,000	+61,000
31.0 Equipment.....	74,000	80,000	85,000	+5,000
32.0 Lands & Structures...	825,000	781,000	1,304,000	+523,000
42.0 Insurance claims & indemnities.....	3,000	---	---	---
Total Obligations.....	$2,962,000	$3,444,000	$4,360,000	+916,000

STANDARDS TO MONITOR CONSTRUCTION AND MAINTENANCE COSTS

Mrs. HANSEN. What standards have you developed to monitor your construction and maintenance costs?

Mr. HASTEY. Prior to advertising for bids our engineers make an estimate of what they feel the construction costs should be. We do not make a contract award where the bid is unreasonably higher than the engineers' estimate. If we have one that is higher, then we reject it and readvertise at a later date.

In maintenance we have developed standards, both in our building and recreation maintenance, and have developed some unit costs in these areas.

COMMENDATION FOR MAINTENANCE OF FEDERAL FACILITIES

Mrs. HANSEN. I would like to commend the maintenance of Federal facilities. As you travel across this country, the maintenance of Federal facilities is on a far higher level than any other comparable buildings and it must take some doing in some areas of the country, because it's not an easy task.

Mr. RASMUSSEN. Thank you.

UNOBLIGATED BALANCES—CONSTRUCTION AND MAINTENANCE

Mrs. HANSEN. Please insert in the record a tabulation of your unobligated and unexpended balances for construction and for maintenance as of June 30, 1970, and as of January 31, 1971.

(The information follows:)

CONSTRUCTION AND MAINTENANCE APPROPRIATION UNOBLIGATED, UNEXPENDED AND RESERVES

	Balance June 30, 1970	Balance Jan. 31, 1971
Unobligated	$94,444	$1,518,512
Reserve	39,400	0
Total balance	133,844	1,518,512
Unexpended	520,221	2,088,289
Reserve	39,400	0
Total balance	559,621	2,088,289

STATUS OF CONSTRUCTION PROJECTS

Mrs. HANSEN. Please insert in the record a listing of all projects for which an unobligated balance existed as of January 31, 1971, indicating the name, location, type of activity involved and the amount of the unobligated balance for each project.

(The information follows:)

Unobligated Recreation and Building Construction Projects*
(As of 1/31/71)

Name	Location		Type of Activity	Unobligated Balance
	County	State		
Boise Interagency Fire Control Center	Ada	Idaho	Building Construction	13,600
Empire Landing	Yuma	Arizona	Recreation Site Constr.	86,800
Superstition Mountain	Pinal	Arizona	Recreation Site Constr.	144,000
Sanitary Facilities	Yuma	Arizona	Recreation Sanitary Facilities Constr.	13,000
Holter Lake	Lewis & Clark	Montana	Recreation Site Constr.	69,700

*The contracts for all of these projects will be awarded before May 31, 1971.

CRITERIA FOR FUNDING PROJECTS

Mrs. HANSEN. What is the criteria you follow in determining which project shall be funded under the construction account and which are funded under the maintenance account? We are especially interested in how you classify minor construction and rehabilitation.

Mr. HASTEY. In our construction program we don't have much in the way of minor construction. Most of it is major construction. The age of many of our buildings makes it very difficult to keep them in good shape. Probably the cheapest approach in many of these areas would be to replace the building with a new structure rather than to continue the maintenance on them.

Mrs. HANSEN. Did your budget limitations prevent you from doing this?

Mr. HASTEY. Yes, Madam Chairman.

Mrs. HANSEN. You are requesting an increase of $546,000 for construction of buildings and recreation facilities. How much adequacy does this provide for your needs in these facilities?

Mr. HASTEY. In our building construction, it does not begin to take care of our overall needs. The amount for recreation construction is only a very small percentage of our total recreation construction needs compared to the visitor use the public lands are now receiving.

FISCAL YEAR 1972 BUILDING CONSTRUCTION PROGRAM

Mrs. HANSEN. You are requesting for the Boise Interagency Fire Center, $100,000; for pollution control at several Alaskan administrative sites, $190,000; and for the survey and design of administrative complex, Alaska, $80,000. Justify these requests for us please.

Mr. HASTEY. The Boise Fire Center is in the fifth and next to last phase of construction.

The increase will develop the crew training areas, trailer pads, and operating improvements, at about $77,000. There will be some finishing touches on our landscaping and watering systems for the building grounds at about $15,000.

POLLUTION CONTROL IN ALASKA

For the pollution control in Alaska we plan to install shower, wash and toilet facilities at Fort Yukon, at a cost of $78,000 and the same type of facilities at Galena for $90,000. We will start survey and design for improvement of sewer facilities at McGrath, Tanacross, Glennallen and Delta. All these are presently in violation of the Executive Order.

Mrs. HANSEN. Are you requesting these funds to comply with the Executive Order on pollution abatement?

Mr. HASTEY. Yes, Mrs. Hansen. The pollution is very serious on these sites at the present time.

FAIRBANKS COMPLEX

Mrs. HANSEN. What are you doing at Fairbanks?

Mr. RASMUSSEN. We hope to solve our pollution problem there when we relocate our facility. As I mentioned earlier we also have a serious safety problem at the present site.

RECREATION CONSTRUCTION LOWER COLORADO

Mrs. HANSEN. You plan to construct 450 family units in the Lower Colorado. Justify this request.

Mr. RASMUSSEN. A family unit is an area set aside for family camping which has a table and maybe a fire grill. It also includes the sanitary and water facilities for an enclave of family units.

SIZE OF FAMILY UNIT

Mrs. HANSEN. What do you use as a family size in planning these family units?

Mr. RASMUSSEN. Ordinarily there is room enough for a car to park and a tent, plus the table and stove. That is in an area that is not trailer parking.

Mrs. HANSEN. I mean how many people do you estimate?

Mr. RASMUSSEN. Five people.

SURVEY AND DESIGN NEEDS

Mrs. HANSEN. You are also requesting $150,000 for survey and design of all States. What does this achieve?

Mr. RASMUSSEN. Before we build a campground we survey it and design it. This is the campground layout, the road layout, the location of family units, the sanitary facilities, the water facilities and the engineering designs for it.

We do those in advance, so that when the year comes for construction, we don't have to stop and survey and design it. We have the survey and designs on the shelf and a fairly accurate cost estimate.

VISITOR DAYS TO ALASKAN CAMPGROUNDS

Mrs. HANSEN. You are requesting $105,000 for pollution control and water development in six Alaskan campgrounds. Can you give us the number of visitors that use these Alaskan campgrounds? Is it increasing? Are these Alaskans or visitors from the continental United States?

Mr. RASMUSSEN. The visitors in the last year increased from 3.3 to 3.5 million visitor days. These are some outside people but mainly I would say they were Alaskan people. There are not that many people driving cars and pickups over the Alaska Highway. In Alaska you have a long winter. As soon as spring comes, people are out on the land and they are along the road systems and there are very limited areas for camping and recreation. They crowd into any area. The State has some areas. We have some areas. We have many areas that are undeveloped, and use is increasing on these areas. It will continue to increase. Some people say, "Why would you build campgrounds in Alaska?" I think campgrounds out of Anchorage are just as important as out of other cities.

Mrs. HANSEN. Are there visitor charges on the Alaska sites?

Mr. RASMUSSEN. We have two, the Delta campgrounds and the La Fevre public use cabins.

JOHNNY HORIZON PROGRAM

Mrs. HANSEN. $200,000 is requested for the Johnny Horizon program. Give us the details on the requirement. I would like to compliment the Bureau for Johnny Horizon. It has been an excellent program.

Mr. RASMUSSEN. This has been an excellent program. The Secretary made it a departmentwide program. We are requesting an additional $75,000 this year to make a total of $200,000. This has been a very excellent program.

Mrs. HANSEN. How much public participation have you had?

Mr. RASMUSSEN. I would say 300,000 people. The Boy Scouts worked on this program last year and we gave them the first Johnny Horizon Award last month.

Last year volunteers picked up 15,000 tons of litter.

Mrs. HANSEN. What would have been the cost of your litter clean-up if it hadn't been done by volunteers?

Mr. RASMUSSEN. I think it would have been in the vicinity of 3 million dollars.

DISPOSAL OF LITTER

Mrs. HANSEN. What did they do with the litter?

Mr. RASMUSSEN. The arrangements are made with the counties to have a central point at which the litter is collected and then they move it to the dumps and it is moved off the land. It has been a very successful program.

The Johnny Horizon countryside cleanup days attracted some 300,000 people last year.

OTHER JOHNNY HORIZON ITEMS

As you know, we now have Johnny Horizon commercial products. We are entering into contracts for various Johnny Horizon items. These are contract items that are approved for sale by contractors.

Mrs. HANSEN. Do you receive the revenue?

Mr. RASMUSSEN. Yes, we receive the revenue. Here is a new little book that is being put out by banks for people who want to have a little reference book—a Johnny Horizon book. This is under contract. We have a number of items of that type.

This one is proposed for a sweatshirt that would be sold.

Mrs. HANSEN. Please insert in the record a listing of all consultants and collaborators with whom you have contracted for the promotion of the "Johnny Horizon" program. The listing should include the name of the consultant, the period of his service, and the amount of remuneration.

Mr. RASMUSSEN. I would be glad to.

(The information follows:)

Johnny Horizon Program

Consultants and Contractors

Contractors

1. Blair Inc. - visuals and art work - Baileys Crossroads, Virginia

2. Communications International - radio scripts - Washington, D. C.

3. Keysor-Century - manufacturing radio spot discs - Saugus, California

4. Gotham Recording Company - sound system and studio for recording radio spots - New York, New York

5. & Associates - directing and recording radio spots - Beverly Hills, California

6. Lion Bros. - developing and manufacturing embrodiered cloth patches - Owings Mills, Maryland

7. Ampex Corp. - magnetic tape, reels and boxes - Washington, D. C.

8. Chase Bag Co. - manufacturing polyethelene litter bags - Union City, California

9. Bemis Company - manufacturing polyethelene litter bags - Union City, California

10. Umflex Corp. - manfacturing polyethelene litter bags - Westburg, New York

11. Action Packaging Co. - manfacturing polyethelene litter bags - Brooklyn, New York

12. Rodel Recording Co. - transferring radio spots to 1000 distribution tapes - Washington, D. C.

Consultants

1. Ed Shaw & Associates - donated services with expenses paid not to exceed $500/month for two months, organizing talent in support of program - Beverly Hills, California

DONATED SERVICES

Mr. RASMUSSEN. Most of our work is donated. Burl Ives donates his service, Arthur Godfrey, Dinah Shore, Walt Disney Productions, Warner Bros. and Universal Studios—they have all donated time and talents.

Mrs. HANSEN. Please insert in the record, all people who have donated their time and talents.

Mr. RASMUSSEN. I would be glad to supply it.

(The information follows:)

Time and Talent Donated to Johnny Horizon Campaign

January 1970 - Burl Ives - Washington, D. C. - Burl Ives joins with the Secretary of the Interior at the National Press Club, to announce Mr. Ives participation in the Johnny Horizon Program.

January 1970 - Burl Ives - New York, New York - completing 10 radio spots.

February 1970 - Burl Ives - Santa Fe, New Mexico - making 5 preliminary TV spots.

February 1970 - Nashville, Tenn. - Country Music Association fully endorses the Johnny Horizon Program.

May 1970 - Burl Ives, Randy Sparks, Karon Rondell - Billings, Montana - First Johnny Horizon Environmental Concert in conjunction with Eastern Montana College coordinated by BLM. Involved Bureau of Indian Affairs, National Park Service and Bureau of Land Management.

May 1970 - Burl Ives and Arthur Godfrey - Float trip down Snake River in Idaho to discuss ecological problems and solutions.

June 1970 - Burl Ives, Randy Sparks, Karon Rondell - Santa Fe, New Mexico - Johnny Horizon Environmental Concert in conjunction with Rio Grande Wild River Dedication.

June 1970 - Burl Ives, Randy Sparks, Karon Rondell - Pleasanton, California - Johnny Horizon Environmental Concert in conjunction with California Federation of Mineralogical Societies.

August 1970 - Eddie Albert - Throughout United States - Enlisting public support of the Johnny Horizon Program during speaking engagements throughout U.S.

September 1970 - Dinah Shore T.V. Program - Burl Ives appeared on Dinah Shore Program and enlisted Dinah and entire studio audience as Johnny Horizon partners.

September 1970 - Bold Ones T.V. Series, Universal Studios - Universal City, California - Universal Studios obtained consent from NBC to broadcast a one minute, prime time spot, just preceding the Bold Ones series devoted to the Johnny Horizon Program and featuring Burl Ives. This effort was a combined thrust of Universal Management program producer and director and Burl Ives.

September 1970 - Universal City, California - A special meeting involving the management of Universal Studios, Twentieth Century Fox, Paramount Walt Disney Productions, Metro Goldwyn Mayer, NBC, CBS, ABC and the Secretary of the Interior was held at Burl Ives' apartment to outline the Johnny Horizon program and how they could get involved in radiating concern for improving the environment to the public.

September 1970 - Washington, D. C. - Arthur Godfrey, Burl Ives and the Secretary of the Interior kick-off the month long Johnny Horizon Countryside Cleanup Days at the Lincoln Memorial.

September 1970 - Los Angeles, California - Burl Ives made 24 Johnny Horizon radio spots.

October 1970 - Nashville, Tenn. - Burl Ives made special guest appearance on Johnny Cash Show and devoted entire time to Johnny Horizon Program. Entire Cash Show personnel participated in Johnny Horizon portion Bobby Sherman, Melanie, Johnny Cash, June Carter and New Edition Group.

October 1970 - Elberton, Georgia - Johnny Horizon Environmental Concert involving Burl Ives, Randy Sparks, Karon Rondell, Joe and Jill Campenella, Miss Georgia and Governor Lester Maddox. Total involvement of all civic, business and governmental units in a combined effort to develop the county on total environmental concept. Total program spearheaded by Johnny Horizon through Interior's Southeastern Power Administration.

November 1970 - New York, New York - Burl Ives, Randy Sparks and Karon Rondell featured performers at National Keep America Beautiful Inc. meeting. Johnny Horizon key feature.

November 1970 - New York, New York - Burl Ives and George Gurr, Interior Department Johnny Horizon Coordinator, featured on the David Frost Show.

December 1970 - New York, New York - Captain Kangaroo (Robert Keeshun) with Burl Ives featured the Johnny Horizon Program for two consecutive programs.

December 1970 - Hollywood, California - Burl Ives featured on Flip Wilson Show and discussed Johnny Horizon program.

Mrs. HANSEN. Please insert pages 50 through 54 of the justifications at this point in the record.

[Justification pages 50 through 54 follow:]

58-160 O—71—pt. 1——31

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Public Land Development Roads and Trails

Contract Authority and Liquidation Program

	Contract Authority Available	Obligations	Net Unpaid Obligations, Prior Year	Total Obligations	Expenditures	Net Unpaid Obligations Carried Forward
			Fiscal Year 1970			
Public Lands Development Roads and Trails (Total).....	$13,026,431	$3,094,959	$1,120,689	$4,215,648	$3,876,070	$339,578
			Fiscal Year 1971			
Public Lands Development Roads and Trails (Total).....	14,931,472	3,837,000	339,578	4,176,578	3,937,000	239,578
			Fiscal Year 1972			
Public Lands Development Roads and Trails (Total).....	21,094,472	4,000,000	239,578	4,239,578	3,200,000	1,039,578

PUBLIC LANDS DEVELOPMENT ROADS AND TRAILS

Liquidation of Contract Authorization

Analysis by Activities

Activity	Actual 1970	Estimate 1971	Estimate 1972	Increase or Decrease
Public Lands Development Roads and Trails	$3,500,000	$3,500,000	$3,200,000	-$300,000

Status of Cash Authorization for Liquidation of Contract Authorization

	1970	1971	1972
Appropriation	$3,500,000	$3,500,000	$3,200,000
Unexpended balance brought forward	1,007,120	631,050	194,050
Total Available	4,507,120	4,131,050	3,394,050
Less: Expenditures	3,876,070	3,937,000 a/	3,200,000 a/
Unexpended balance	$ 631,050	$ 194,050	$ 194,050

a/ Estimated

Need for Liquidating Cash: The Public Lands Development Roads and Trails (PLDR-&T) Program derives its obligating authority from the contract authority contained in the various Federal Aid Highway Acts; however, an appropriation of liquidating cash is required to make contract payments.

Since the first time that contract authority was provided in the Federal Aid Highway Act of 1962, the cumulative liquidating cash appropriation has been less than the cumulative amount of programmed budget authority. This approach is possible because of the time lag which usually occurs in construction projects between the date of contract obligation and the subsequent date of disbursement of funds to make progress payments under the contract.

The accompanying table shows the relationships among contract authority, the amount of programmed new budget authority (NBA) and the appropriation of liquidating cash.

RECAPITULATION OF PUBLIC LANDS DEVELOPMENT ROADS AND TRAILS STATUS OF NBA AND CASH

Fiscal Year	New Budget Authority Authorized by the Federal Aid Highway Acts (in $1,000's)	Programmed New Budget Authority (in $1,000's)	Liquidating Cash Appropriation (in $1,000's)
1963	2,000	-	-
1964	4,000	2,000	760
1965	2,000	2,500	2,500

RECAPITULATION OF PUBLIC LANDS DEVELOPMENT ROADS AND TRAILS STATUS OF NBA AND CASH (Cont.)

Fiscal Year	New Budget Authority Authorized by the Federal Aid Highway Acts (in $1,000's)	Programmed New Budget Authority (in $1,000's)	Liquidating Cash Appropriation (in $1,000's)
1966	2,000	2,000	2,000
1967	3,000	2,000	2,000
1968	5,000	3,000	2,600
1969	3,500	3,320	3,500
1970	5,000	4,000	3,500
1971	5,000	2,500	3,500
1972	10,000	4,000	3,200
Total	41,500	25,320	23,560

Unprogrammed Contract Authorization at end of FY 1972 - $16,180 thousands
Unfunded Contract Authorization at end of FY 1972 - $17,940 thousands

Planned Use of Contract Authority - FY 1972 The Bureau obligation program will permit road grading of 82 miles, road surfacing of 97 miles, trail construction of 44 miles and construction of 2 bridges. The estimate also includes funds to accomplish survey and design for future roads and trails.

An adequate road and trail system is essential to the public use and proper management and protection of 453 million acres of public land administered by the Bureau. Most of the land is presently accessible only by primitive roads and many millions of additional acres are completely inaccessible because of lack of easements across surrounding private lands.

Construction standards vary from single-lane graded dirt roads for fire control to double-lane surfaced roads to meet multiple resource needs and intensive recreation access. The major portion of the existing transportation system consisting of almost 50,000 miles does not meet present use standards and many roads can be used only seasonally. To rectify this situation, these roads should be improved or reconstructed to bring them to a design standard consistent with present day usage.

A summary of the programmed authority for FY 1972 by State is as follows:

Alaska	$ 31,500
Arizona	179,400
California	341,000
Colorado	238,000
Idaho	245,000
Montana	195,000

Nevada	$ 580,000
New Mexico	268,500
Oregon	279,000
Utah	680,000
Wyoming	50,600
Survey and Design and Easement Acquisition	912,000
TOTAL	$4,000,000

Personnel Summary

	1970 Actual	1971 Est.	1972 Est.
Total number of permanent positions	88	88	88
Full-time equivalent of other positions	33	39	39
Average number of all employees	117	123	123
Average GS grade	8.9	8.9	8.9
Average GS salary	$11,708	$11,637	$11.637
Average Salary of ungraded positions	$ 9,010	$ 9,048	$ 9,048

ITEMIZATION OF ESTIMATE

Public Lands Development Roads and Trails

	Actual 1970	Estimate 1971	Estimate 1972	Increase (+) Decrease (-)
Program and Financing:				
Total obligations.....	$3,094,959	3,837,000	4,000,000	+163,000
Unobligated balance available start of year.....	-8,026,431	-9,931,472	-11,094,472	-1,163,000
Unobligated balance available end of year.....	9,931,472	11,094,472	17,094,472	+6,000,000
Unfunded balance, start of year.....	8,140,000	9,640,000	11,140,000	+1,500,000
Unfunded balance, carried forward.....	-9,640,000	-11,140,000	-17,940,000	-6,800,000
Appropriation to liquidate contract authorization.....	3,500,000	3,500,000	3,200,000	-300,000
Obligations by Objects:				
11.0 Personnel compensation.....	1,250,000	1,314,000	1,314,000	---
12.1 Personnel benefits: Civilian employees.	82,000	85,000	85,000	---
21.0 Travel and transportation of persons	137,000	141,000	141,000	---
22.0 Transportation of things.....	84,000	86,000	86,000	---
23.0 Rent, communications, and utilities.....	11,000	12,000	12,000	---
24.0 Printing and reproduction.....	2,000	3,000	3,000	---
25.0 Other services.....	140,959	201,000	250,000	49,000
26.0 Supplies & Materials	83,000	90,000	90,000	---
31.0 Equipment.....	23,000	17,000	17,000	---
32.0 Lands & structures.	1,282,000	1,888,000	2,002,000	114,000
Total Obligations.....	$3,094,959	$3,837,000	$4,000,000	$163,000

BALANCES IN ACCOUNT

Mrs. HANSEN. Please insert in the record the unobligated and unexpended balances as of June 30, 1970, and January 31, 1971.

(The information follows:)

PUBLIC LANDS DEVELOPMENT ROADS AND TRAILS UNOBLIGATED, UNEXPENDED AND RESERVES

	Balance June 30, 1970	Balance Jan. 31, 1971
Unobligated	[1] $9,879,741	$1,405,430
Reserve	51,731	11,144,472
Total balance	9,931,472	12,549,902
Unexpended	631,050	2,205,946

[1] Removed from reserve to temporarily cover fire obligations.

CRITERIA USED IN ASSIGNING ROAD PRIORITIES

Mrs. HANSEN. What criteria do you follow in assigning priorities for your road construction program?

Mr. ZUMWALT. Our main priorities are with regard to the management of the resources. The need for the road is geared to our need for all uses.

We are at the present time developing a system for priority designation of roads. We are just about to complete a system which will give us a much more refined commitment of allocating priorities than we have at the present time.

USE OF ROADS BY THE GENERAL PUBLIC

Mrs. HANSEN. What proportion of your roads that are used for removing your timber resources are also used by the general public in recreation or visitation?

Mr. ZUMWALT. Most of the roads are used by recreationists, hunters, and fishermen. It would be hard to give an actual percentage of the roads that are used for this, but at one time or another I think most of them are used for that purpose.

We do have some roads that are almost entirely limited to extraction of timber and that type of thing. We feel it is a small percentage.

Mrs. HANSEN. Are those roads used by the hunters?

Mr. ZUMWALT. Yes, they many times are used by hunters.

Mr. RASMUSSEN. Mrs. Hansen, under this activity these are mostly our all-purpose roads. They are not the heavily used roads for timber although they do supply road transportation to the public domain timber.

They supply it for recreation, for wildlife, for all of these various activities. So they are multipurpose roads rather than single purpose.

ESTABLISHMENT OF TRAIL SYSTEM

Mrs. HANSEN. Are you establishing a system of trails throughout your domain for the hikers and the people who enjoy just nature and birdwatching?

Mr. RASMUSSEN. We have a variety of trails for various purposes.

Mrs. HANSEN. How many miles do you have?

Mr. RASMUSSEN. We have about 7,600 miles of trails.

Mrs. HANSEN. What States are they in?

Mr. RASMUSSEN. They are all in the Western States and Alaska. Some of these trails are fishermen trails along rivers.

For instance, on the Rio Grande Wild River we have a trial that goes down to the river and then along the river. So it is access for recreation including hunting, fishing, looking, and walking.

Mrs. HANSEN. Do you also have horseback trails?

Mr. RASMUSSEN. Yes, but not designed specifically for horses.

Mrs. HANSEN. What is your policy on allowing motorized equipment on your trails?

Mr. RASMUSSEN. We have closed some trails to motorized equipment, but unless they are closed they are open and available.

Mrs. HANSEN. What problems have you encountered because of motorbikes?

Mr. RASMUSSEN. Motorbikes have caused us some problems on trails. Noise, just general disturbance. In wet areas they churn up the ground more than a horse or a man, but we haven't had the real tough motorbike problems that the Forest Service has.

Mrs. HANSEN. Are you also having trouble with snowmobiles?

Mr. RASMUSSEN. We have a concern about snowmobiles because it gives them access to the land during the wintertime. We have some areas where game winter. The game concentrate in an area. If someone goes out with a snowmobile and sees them, and comes back and tells his friends, the first thing we know a large group of snowmobiles go out just to look—not to hunt but just to look.

They frighten the animals who move out of their winter habitat into a very tough and rough country. This causes us some concern. We are looking at snowmobiles with the idea of how and where can they be operated and under what conditions.

They do give access to a tremendous amount of land. They also give a tremendous amount of recreation. We think that areas can be designed to accommodate them, that would avoid, for instance, game concentrations or areas where they might do damage.

In many parts of the country, this is a standard way of recreation. We think there is a place for it. However, I do think there has to be some control.

Mrs. HANSEN. Thank you.

NUMBER OF SKI AREAS ON BLM LANDS

How many ski areas do you have on your lands?

Mr. RASMUSSEN. We do not have any developed ski areas that we manage. We have about 11 ski areas or facilities that are under permit on lease.

Mrs. HANSEN. Do you have any application pending for development of ski areas?

Mr. RASMUSSEN. I think we have one or two.

Mrs. HANSEN. Please insert in the record the criteria you use for the development of the ski areas.

(The information follows:)

Form 2912–1
(July 1969)
(formerly 2794–2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Land Office and Serial Number

RECREATION OR PUBLIC PURPOSES LEASE
Act of June 14, 1926 (44 Stat. 741; 43 U.S.C. 869 *et. seq.*) as amended

This lease entered into on this day of , 19 , by the United States of America, the lessor, through the authorized officer of the Bureau of Land Management, and

, hereinafter called the lessee, pursuant and subject to the terms and provisions of the Recreation or Public Purposes Act and to all reasonable regulations of the Secretary of the Interior now or hereafter in force when not inconsistant with any express and specific provisions herein, which are made a part hereof,

WITNESSETH:

Sec. 1. The lessor, in consideration of the rents to be paid and the conditions to be observed as hereinafter set forth, does hereby grant and lease to the lessee the right and privilege of using for the purposes hereinafter set forth in the following-described lands:

containing acres, together with the right to construct and maintain thereon all buildings or other improvements necessary for such use for a period of years, the rental to be $ per annum. If, at the expiration date of the lease the authorized officer shall determine that the lease may be renewed, the lessee herein will be accorded the privilege of renewal upon such terms as may be fixed by the lessor. The lessee may use the premises for

Sec. 2. There are reserved to the United States all mineral deposits in said lands, together with the right to mine and remove the same under applicable laws and regulations to be established by the Secretary of the Interior.

Sec. 3. The lessor reserves the right of entry, or use, by

(a) any authorized person, upon the leased area and into the buildings constructed thereon for the purpose of inspection;

(b) Federal agents and game wardens upon the leased area on official business;

(c) the United States, its permittees and licensees, to mine and remove the mineral deposits referred to in Sec. 2, above.

Sec. 4. In consideration of the foregoing, the lessee hereby agrees:

(a) To improve and manage the leased area in accordance with the plan of development and management designated as

and approved by an authorized officer on
or any modification thereof hereinafter approved by an authorized officer, and to maintain all improvements, during the term of this lease, in a reasonably good state of repair.

(b) To pay the lessor the annual rental above set forth in advance during the continuance of this lease.

(c) Not to allow the use of the lands for unlawful purposes or for any purpose not specified in this lease unless consented to under its terms; nor to prohibit or restrict, directly or indirectly, or permit its agents, employees, contractors (including, without limitation, lessees, sublessees, and permittees), to prohibit or restrict the use of any part of the leased premises or any of the facilities thereon by any person because of such person's race, creed, color, or national origin.

(d) Not to assign this lease or to change the use of the land, without first receiving the consent of the authorized officer.

(e) That this lease may be terminated after due notice to the lessee upon a finding by the authorized officer that the lessee has failed to use the leased lands for the purposes specified in this lease for a period of consecutive years; or that all or part of the lands is being devoted to some other use not consented to by the authorized officer, or that the lessee has not complied with his development and management plan pursuant to the special rental arrangement of 25 cents per acre per year. The authorized officer may, in lieu of termination, require the lessee or his successor in interest to pay the United States an amount equal to the difference between the rental paid for the land by the lessee or his successor in interest prior to the termination of this lease and 50 percent of the fair rental value of the leased lands, to be determined by the authorized officer, as of the date of issuance of this lease, plus compound interest computed at 4 percent beginning on the date this lease is issued.

(f) That upon the termination of this lease by expiration, surrender, or cancellation thereof, the lessee, shall surrender possession of the premises to the United States in good condition and shall comply with such provisions and conditions respecting the removal of the improvements of and equipment on the property as may be made by an authorized officer.

(g) To take such reasonable steps as may be needed to protect the surface of the leased area and the natural resources and improvements thereon.

(h) Not to cut timber on the leased area without .ior permission of, or in violation of the provisions and conditions made by an authorized officer.

(i) That nothing contained in this lease shall restrict the acquisition, granting, or use of permits or rights-of-way under existing laws by an authorized Federal officer.

Sec. 5. *Equal Opportunity Clause.* During the performance of this contract, the lessee agrees as follows:

(a) The lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The lessee will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

(b) The lessee will, in all solicitations or advertisements for employees placed by or on behalf of the lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The lessee will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the lesseo's commitments under Section 202 of Executive Order 11246 of September 24, 1965, as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The lessee will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the lessee's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this permit may be cancelled, terminated or suspended in whole or in part and the lessee may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of Sept. 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The lessee will include the provisions of Paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The lessee will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: *Provided, however,* That in the event the lessee becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the lessee may request the United States to enter into such litigation to protect the interests of the United States.

Sec. 6. The lessee may surrender this lease or any part thereof by filing a written relinquishment in the appropriate land office. The relinquishment shall be subject to the payment of all accrued rentals and to the continued obligation of the lessee to place the lands in condition for relinquishment in accordance with the applicable lease terms in subsections 4(f) and 4(g) and the appropriate regulations.

Sec. 7. The lessee further agrees to comply with and be bound by those additional terms and conditions identified as:

1. The lessee shall conform to State, Federal and local laws.

2. The lessee shall submit a safety plan for approval.

and which are made a part hereof.

Sec. 8. No Member of, or Delegate to, the Congress, or Resident Commissioner, after his election or appointment, and either before or after he has qualified, and during his continuance in office, and no officer, agent, or employee of the Department of the Interior, except as otherwise provided in 43 CFR, Part 7, shall be admitted to any share or part of this lease, or derive any benefit that may arise therefrom, and the provisions of Title 18 U.S.C. Sections 431–433, relating to contracts, enter into and form a part of this lease, so far as the same may be applicable.

IN WITNESS WHEREOF:

THE UNITED STATES OF AMERICA

_____
(Signature of Lessee)

By _____
(Authorized Officer)

_____
(Signature of Witness)

_____
(Title)

_____
(Date)

Mrs. HANSEN. Please insert pages 55 through 70 in the justifications in the record at this point.

(Pages 55 through 70 follow:)

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

Oregon and California Grant Lands

Estimates Appropriation, 1971		$ 18,000,000
Unobligated balance from prior years (included in this unobligated balance is $1,142,065 for Forest Service)		4,146,887
Total available for obligation		22,146,887
Decreases:		
Construction and acquisition (included in this amount is $3,530,333 for Forest Service)	$14,086,831	
Forest development, protection, and management (includes $111,732 for Forest Service)	5,510,741	
Operation and maintenance	2,549,315	
Subtotal		22,146,887
Increases:		
Construction and acquisition (included in this amount is $2,526,000 for Forest Service)	$10,620,000	
Forest development, protection, and management (includes $111,000 for Forest Service)	5,597,000	
Operation and maintenance	2,783,000	
Total available for obligation		19,000,000
Less: Unobligated balance from prior years		---
Budget estimate, 1972		$19,000,000

OREGON AND CALIFORNIA LANDS

Analysis by Activities

	Amount available 1971	Fiscal Year 1972			Total available 1972 compared to total available 1971	Page ref.
		Estimated total available	Unobligated balance from prior years	Budget estimate		
1. Construction and acquisition.....	$14,086,831	$10,620,000	---	$10,620,000	$-3,466,831	57
2. Forest development protection & mgmt..	5,510,741	5,597,000	---	5,597,000	+ 86,259	67
3. Operation and maintenance.....	2,549,315	2,783,000	---	2,783,000	+ 233,685	68
Total.....	$22,146,887	$19,000,000	---	$19,000,000	$-3,146,887	

JUSTIFICATION

Appropriation Title

Oregon and California Grant Lands	$19,000,000

Under this title an amount equal to 25% of the gross receipts from sales of timber and other products on the revested Oregon and California Railroad Grant Lands is appropriated for the construction, acquisition, operation, and maintenance of access roads and other improvements and for forest management, reforestation and protection of the BLM administered lands in Western Oregon.

The estimate for FY 1972 for this appropriation is $19,000,000, an increase of $1,000,000 over FY 1971, exclusive of carryover funds.

1. Construction and Acquisition	$10,620,000

The FY 1972 estimate of $10,620,000 is an increase of $415,000 over FY 1971 exclusive of carryover funds. The program is for construction of access roads and recreation facilities in Western Oregon.

The analysis of new budget authority, total availability, and the obligation program follow in tabular form on the following page.

1. Construction and Acquisition Activity - Analysis of FY 1971 and FY 1972 Funding by Subactivity and Agency

Subactivity and Agency	FY 1971 NBA Estimate	FY 1970 Carryover Funds Available in FY 1971	FY 1971 Obligation Program	FY 1972 NBA Estimate	FY 1972 Obligation Program	Change in NBA FY 1971 to FY 1972
(a) Access Roads						
1. Bureau of Land Management	$7,194,000	$2,387,523	$9,581,523	$7,144,000	$7,144,000	$- 50,000
2. Forest Service	2,320,000	649,307	2,969,307	2,080,000	2,080,000	- 240,000
Subactivity Total	9,514,000	3,036,830	12,550,830	9,224,000	9,224,000	- 290,000
(b) Recreation Facilities						
1. Bureau of Land Management	619,000	355,975	974,975	950,000	950,000	+ 331,000
2. Forest Service	72,000	489,026	561,026	446,000	446,000	+ 374,000
Subactivity Total	691,000	845,001	1,536,001	1,396,000	1,396,000	+ 705,000
Activity Total	10,205,000	3,881,831	14,086,831	10,620,000	10,620,000	+ 415,000

(a) Access Roads - $9,224,000

The amount of $9,224,000 includes $2,080,000 for the Forest Service. The BLM amount of $7,144,000 is a decrease of $50,000 compared to the amount available for 1971, exclusive of carryover funds. These funds will be used for survey and design, rights-of-way, agreements, and acquisition of easements as well as construction, improvement, and acquisition of roads and bridges in support of the management of the O&C revested lands in western Oregon.

The access road system must be planned sufficiently ahead of actual sales to provide access to undeveloped areas of mature, over-mature, decadent, and scattered salvage timber stands to insure a well-balanced schedule of timber harvest. Access affords bidding opportunities to all prospective timber buyers.

During FY 1972 the BLM portion is planned to accomplish 22 miles of surfacing and 75 miles of grading. Rock production for road repair and surfacing and construction of bridges and culverts is also included.

The Forest Service road construction amount of $2,080,000, is a decrease of $240,000 over FY 1971 exclusive of carryover.

(b) Recreation Construction - $1,396,000

The estimate includes $950,000 for BLM recreation construction, an increase of $331,000 over the amount available for 1971, exclusive of carryover funds. The Forest Service recreation construction amount is $446,000, an increase of $374,000 over FY 1971 exclusive of carryover.

Access roads have opened many previously remote areas with high recreation value. Increasing use of these areas by the public creates fire and pollution hazards which endanger both the resources and the using public. The program attempts to minimize or eliminate these hazards by providing potable water and sanitary picnic and camping facilities in carefully selected areas.

Analysis indicates that western Oregon will have a facility supply deficit of 390,000 one-time-use capacity by 1976. Approximately 80,000 additional OTU's of camping and picnicking capacity will be needed to meet the recreation demands of 1976. State, counties and other federal agencies are developing facilities to help meet this demand. The FY 1972 program will provide approximately 127 family units at two sites which, together with related improvements will provide 1,550 OTU's of developed capacity. These facilities are primarily oriented toward camping and picnicking use adjacent to popular water-based recreational attractions in Western Oregon. Funds are also provided for the survey, design and associated planning functions for future O&C recreational developments.

Details of the construction and acquisition program are shown in the following tables:

OREGON AND CALIFORNIA GRANT LANDS
Fiscal Year 1971 Program
Construction and Acquisition

Availability:		
Unobligated balance as of 6/30/70, brought forward..... (included in this unobligated balance is $ 1,138,333 for Forest Service)		$3,881,831
Estimated warranted authorization, FY 1971.....		10,205,000
Less: Unobligated balance, end of year FY 1971.....		---
Available for 1971 Program.....		14,086,831
Utilization:		
Bureau of Land Management:		
Planning, reconnaissance.....	$ 232,000	
Acquisition.....	1,007,143	
Recreation construction.....	974,975	
		2,214,118
Federal Highway Administration:		
Surveys.....	350,000	
Road construction.....	7,992,380	
		8,342,380
Forest Service:		
Construction or roads.....	2,969,307	
Recreation construction.....	561,026	
		3,530,333
		$14,086,831

DETAIL OF ROAD CONSTRUCTION PROGRAM, BLM LANDS, FY 1971

Road System	Project Name	Miles	Type	Cost Estimate
Nestucca	Nestucca River Road	1	Gr. & Sur.	$ 122,000
McKenzie	Martin Ridge	7	Gr. & Sur.	850,000
McKenzie	Horn Butte	6	Grading	258,000
Rock Creek	Bob Butte	1	Gr.Sur,& Bridge	567,000
Galice	Galice Creek	10	Grading	3,270,000
Glendale	Dads Creek	1	Gr. & Bridge	150,000
Sitkum	Weaver Road	5	Surfacing	350,000
Camp Creek	Camp Creek	-	Slide Removal	150,000
		31		

Rock Production	1,589,380
Bridges & Culverts	686,000
Total Road Construction Program, BLM Lands	7,992,380
Road and Easement Acquisition	1,007,143
Survey and Design	350,000
Planning and Reconnaissance	232,000
Total, FY 1971 Obligation Program (includes carryover funds)	$9,581,523

DETAIL OF RECREATION CONSTRUCTION PROGRAM, BLM LANDS, FY 1971

Project	County	FY 1971 Cost Estimate	FY 1971 Family Units	Output Visitor Days
Alsea Falls	Benton	$ 140,000	37	40,000
Shotgun	Lane	331,500	27	35,000
Wildwood	Clackamas	420,000	Group Day use Shelters (equivalent to 110 family units.)	90,000
Rogue River	Josephine	20,000	Foot bridges for Rogue River Trail.	---
Kenny Meadows	Jackson	2,600	Roadside stop.	2,000
Pollution Control at 8 Individual Sites		16,700	6 water developments, 4 vault toilets as replacement items.	---
		$ 930,800	174 Equivalent units	167,000

In addition to the funds identified above the remaining sum of $44,175 is to be utilized for survey and design, recreation inventory and analysis and coordination and planning for future recreational demands in Western Oregon.

The Wildwood project is a FY 1970 deferred project which has been rescheduled for FY 1971.

OREGON AND CALIFORNIA GRANT LANDS
Fiscal Year 1972 Program
Construction and Acquisition

Availablity:		
Unobligated balance, beginning of FY 1971		$ ---
Estimated warranted authorization, FY 1971		10,620,000
Less: Unobligated balance, end of FY 1971		---
Available for FY 1971 program		$ 10,620,000
Utilization:		
Bureau of Land Management:		
Planning, reconnaissance	$ 250,000	
Acquisition	550,000	
Recreation construction	950,000	
		1,750,000
Federal Highway Administration:		
Surveys	300,000	
Construction of roads	6,044,000	
		6,344,000
Forest Service:		
Construction of roads	2,080,000	
Recreation construction	446,000	
		2,526,000
Total 1972 program		$ 10,620,000

DETAIL OF ROAD CONSTRUCTION PROGRAM, BLM LAND, FY 1972

Road System	Project Name	Miles	Type	Cost Estimate
Crabtree	North Shore	6	Grading	$ 425,000
Mohawk	Bowley Creek	2	Gr. & Sur.	150,000
Lake Creek	Deadrock	2	Grading	100,000
McKenzie	Gale Creek	5	Grading	206,000
McKenzie	Johnson Creek	5	Grading	200,000
Lake Creek	Main Fork Bear Creek	8	Grading	350,000
McKenzie	McKenzie Bear Creek	6	Grading	200,000
Lake Creek	South Fork Bear Creek	3	Grading	150,000
Cow Creek	Berry Creek	7	Gr. & Bridge	300,000
Glendale	Bobby Creek	5	Gr. Sur.& Bridge	860,000
Glendale	Cow Creek	8	Gr. Sur.& Bridge	617,000
Blue Ridge	Blue Ridge	18	Grading	588,000
Elk Creek	Elk Creek	7	Bridge & Sur.	100,000
		82		

Rock Production	1,287,000
Bridges and Culverts	511,000
Total Road Construction Program BLM Lands	6,044,000
Road and Easement Acquisition	550,000
Survey and Design	300,000
Planning and Reconnaissance	250,000
Total, FY 1972 Obligation Program (BLM)	$ 7,144,000

DETAIL OF RECREATION CONSTRUCTION PROGRAM BLM LAND, FY 1972

Project	County	Cost Estimate	Family Units	Outputs Visitor Days
Swiftwater	Douglas	$ 446,000	75	45,000
Hyatt Lake	Jackson	308,000	52	42,000
		$ 754,000	127	87,000

The remaining sum of $196,000 is to be used for survey and design, recreation inventory and analysis and coordination and planning for future recreational demands in Western Oregon.

2. Forest Development, Protection, and Management - Analysis of FY 1971 and FY 1972 Funding by Subactivity and Agency

Subactivity	FY 1971 NBA Estimate	FY 1970 Carryover Funds Used in FY 1971 Program	FY 1971 Obligation Program	FY 1972 NBA Estimate	FY 1971 Carryover Funds Used in FY 1972 Program	FY 1972 Obligation Program	Change in NBA FY 1971 to FY 1972
(a) Forest Protection (All Bureau of Land Management).....	$ 839,000	$ 124,484	$ 963,484	$ 950,000	---	$ 950,000	$+ 111,000
(b) Forest Development.	1,937,000	4,352	1,941,352	2,041,000	---	2,041,000	+ 104,000
1. Bureau of Land Management.....	(1,829,380)	(620)	(1,829,620)	(1,930,000)	---	(1,930,000)	(101,000)
2. Forest Service...	(108,000)	(3,732)	(111,732)	(111,000)	---	(111,000)	(3,000)
(c) Forest Management (All Bureau of Land Management).....	2,553,000	52,905	2,605,905	2,606,000	---	2,606,000	+ 53,000
Total.....	5,329,000	181,741	5,510,741	5,597,000	---	5,597,000	+ 268,000

3. Operation and Maintenance - Analysis of FY 1971 and FY 1972 Funding by Subactivity

Subactivity	FY 1971 NBA Estimate	FY 1970 Carryover Funds Used in FY 1971 Program	FY 1971 Obligation Program	FY 1972 NBA Estimate	FY 1971 Carryover Funds Used in FY 1972 Program	FY 1972 Obligation Program	Change in NBA FY 1971 to FY 1972
(a) Roads.....	$2,190,000	$ 79,103	$2,269,103	$2,463,000	---	$2,463,000	$+ 273,000
(b) Recreation Facilities.....	276,000	4,212	280,212	320,000	---	320,000	+ 44,000
Total.....	2,466,000	83,315	2,549,315	2,783,000	---	2,783,000	+ 317,000

(2) Forest Development, Protection and Management $ 5,597,000

The FY 1972 estimate of $5,597,000 is an increase of $268,000 over FY 1971 exclusive of carryover funds. The program provides for the protection of Western Oregon forests, reforestation and rehabilitation practices, timber stand improvement and a variety of forest management functions oriented toward the orderly harvest of timber crops.

(a) Forest Protection - $950,000

The estimate of $950,000 is an increase of $111,000 over the FY 1971 amount exclusive of carryover funds. BLM contracts for fire protection on approximately 2.4 million acres of O&C and public domain forest lands in western Oregon. These contracts are negotiated with the State of Oregon, the Forest Service and Clackamas County on a rate per acre which reflects each agency's costs for fire suppression and fire prevention in past years. Increases reflect operating costs which can be anticipated for FY 1972 protection contracts. The Bureau will also continue to contribute to presuppression and control measures through the removal of snags, slash disposal, fire-break construction, fire law enforcement and fire investigations on Bureau administered lands.

(b) Forest Development - $2,041,000

The estimate of $2,041,000 represents an increase of $104,000 over the FY 1971 amount, exclusive of carryover funds. BLM programs account for $101,000 of this increase with the balance of $3,000 attributable to Forest Service development work.

Bureau of Land Management

The purpose of this program is to insure maximum timber production which is reflected in the level of the annual allowable cut. This is accomplished in part by pre-commercial thinning which involves the removal of trees from immature, overstocked stands of timber. This practice gives the residual trees more room for growth and development and will produce commercial sized timber in a shorter period of time with more useable wood volume than would otherwise be realized.

Site and stand improvement, stand conversion, reforestation, and genetic improvement are also part of this program. These practices are all conducive to bring denuded forest lands with little or no natural regeneration or unproductive hardwood stands into full timber production. Site treatment involves the removal of brush and other obstacles from potential timber producing sites to permit planting of desireable tree species. Genetic improvement of commercial tree species helps provide superior seed and planting stock. These practices together with commercial thinning and mortality salvage operations make up the Bureau's western Oregon intensified forest management program. Through study and analysis, each practice has been found to be both environmentally and economically feasible. The best possible combination or mix of practices is determined through computerization which also permits allowable cut projections far into the future based on varying levels of intensity and mix of development practices.

Increases in the BLM's forest development program will provide an additional 200 acres of tree planting at a cost of $7,000 and 760 acres of stand improvement at a cost of $26,000. The balance of $68,000 will be used to support operations in conjunction with the genetic improvement of commercial tree species. Work on this portion of the forest development program will include the collection of genetically superior sources of seed and expand operations at the two Bureau seed orchards in Western Oregon.

Forest Service

The Forest Service program of $111,000 is included in the forest development total of $2,041,000. The FY 1972 program is an increase of $3,000 from FY 1971. The funds are used for reforestation and stand improvement work on O&C lands under Forest Service jurisdiction.

(c) Forest Management - $2,606,000

The estimate of $2,606,000 is an increase of $53,000 over the amount available in FY 1971 exclusive of carryover funds. The increase is necessary to maintain a level forestry program in a situation of rising management costs. This program when combined with Forest Management, Western Oregon in the Management of Lands and Resources Appropriation, provides for the layout, measurement, appraisal, sale and administration of the total allowable cut in western Oregon. This cut is determined from periodic inventories which are correlated with the principles of multiple-use to develop a sustained yield timber harvest. The increase in budget authority is required to offset pay raises enacted for prior years, which heretofore were partially offset with carryover funds.

3. Operation and Maintenance $ 2,783,000

The amount of $2,783,000 is an increase of $317,000 over the amount available for FY 1971, exclusive of carryover funds. It is to provide adequate maintenance of access roads and recreation facilities on Bureau lands in western Oregon.

(a) Roads - $2,463,000

The amount of $2,463,000 is an increase of $273,000 over FY 1971 availability exclusive of carryover funds. The total amount coupled with contributed maintenance funds will provide maintenance for some 6,800 miles of timber access roads. Approximately 450 to 500 miles of new road are built annually to develop timber and other resources. These roads must be kept in usable condition to insure an even flow of logs to the mills, particularly during the rainy season when inadequately maintained roads rapidly deteriorate. Washouts are costly both in repair and in the economic loss suffered by the mill operator and the logger.

The increase of $273,000 will allow accomplishment of an additional 100 miles of preventive maintenance. The increase will also be used to offset rising labor and equipment costs and increased costs of brush eradication from roadside due to restrictions on the use of herbicides. Expansion of hydromulching activities on road cuts and fills is included in order to protect road construction from the forces of erosion.

(b) Recreation Facilities - $320,000

An amount of $320,000 is an increase of $44,000 over the amount available in FY 1971 exclusive of carryover funds. The O&C areas are near population centers and are receiving more recreation use each year. Visitor days at Western Oregon recreational facilities increased 30% in FY 1969; this trend is expected to continue throughout the 1970 decade. This increasing demand comes largely from the metropolitan areas of California and other surrounding states as well as additional pressure from in-state residents.

Heavy use increases the maintenance effort. This program provides adequate services such as disposing of garbage, servicing sanitation facilities, keeping drinking water safe and general repair and maintenance of facilities.

The $44,000 increase will be used to maintain new recreation facilities to be completed in FY 1971, to meet increasing use pressure at established campgrounds and to up-grade sites where pollution poses a threat to the local environment and public health.

Personnel Summary

Bureau of Land Management	1970 Actual	1971 Estimate	1972 Estimate
Total number of permanent positions	353	366	366
Full-time equivalent of other positions	33	33	33
Average number of all employees	371	384	384
Average GS grade	8.9	8.9	8.9
Average GS salary	$11,708	$11,637	$11,637
Average salary of ungraded positions	$ 9,010	$ 9,048	$ 9,048

Allocation Accounts	1970 Actual	1971 Estimate	1972 Estimate
Total number of permanent positions	125	125	125
Full-time equivalent of other positions	24	26	26
Average number of all employees	129	131	131
Average GS grade	7.7	7.8	7.8
Average GS salary	$10,314	$10,553	$10,681
Average salary of ungraded positions	$ 8,415	$ 8,523	$ 8,523

ITEMIZATION OF ESTIMATE

Oregon and California Grant Land (receipt limitation)

	Actual 1970	Estimate 1971	Estimate 1982	Increase (+) Decrease (-)
Program and Financing:				
Total obligations.....	$20,400,236	$22,146,887	$19,000,000	$-3,146,887
Unobligated balance available, start of year.....	-9,654,091	-4,146,887	---	+4,146,887
Unobligated balance available, end of year.....	4,146,887	---	---	---
Appropriation.....	14,893,032	18,000,000	19,000,000	$+1,000,000
Obligations by Objects:				
11.0 Personnel compensation.....	5,260,000	5,520,000	5,520,000	---
12.1 Personnel benefits: Civilian employees.....	275,000	299,000	299,000	---
21.0 Travel and transportation of persons.....	280,000	286,000	286,000	---
22.0 Transportation of things.....	260,000	275,000	275,000	---
23.0 Rent, communications, and utilities.....	90,000	96,000	96,000	---
24.0 Printing and reproduction.....	7,000	9,000	9,000	---
25.0 Other services....	3,022,236	3,264,887	3,275,000	+ 10,113
26.0 Supplies and materials.....	375,000	385,000	385,000	---
31.0 Equipment.....	45,000	89,000	87,000	- 2,000
32.0 Lands and structures.....	10,778,000	11,915,000	8,760,000	-3,155,000
42.0 Insurance claims and indemnities...	8,000	8,000	8,000	---
Total obligations.....	$20,400,236	22,146,887	19,000,000	-3,146,887

Mrs. HANSEN. Piease lnsert justification pages 71 and 72 in the record at this point.

(Justification pp. 71 and 72 follow:)

JUSTIFICATION

Range Improvements $ 2,514,000

Appropraiton 1970	Appropriation 1971	Estimate 1972	Increase (+) Decrease (-)
$1,769,466	$1,795,000	$2,514,000	$+719,000

Range Improvements, an annual, idefinite appropriation, is derived from the Range Improvement Fund established by law (43 U.S.C. 315). Included also are receipts from Bankhead-Jones Farm Tenant Act lands transferred from the Department of Agriculture by various Executive Orders. The increase for 1972 results from the increase in grazing fees for the grazing year beginning on March 1, 1971, a portion of which is designated in the Act as the Range Improvement Fee.

The objective of this program is to support range management on deteriorated and declining range lands to restore and sustain forage production and complement the watershed treatment and wildlife habitat improvement programs. Lands valuable for forage production are usually also valuable upland watersheds and important wildlife winter ranges or habitat areas.

Program of Continuing Work: In FY 1972, the plan of work includes the construction of 602 miles of fence, 497 water developments and maintenance of existing range improvements. These added improvements will aid implementation of multiple-use management plans for lands which are important for forage production, watersheds, and wildlife habitat. Land improvements resulting from this increase will provide additional forage for livestock and wildlife. Continued effort is planned for maintenance of the existing range improvements.

Personnel Summary	1970 actual	1971 estimate	1972 estimate
Total number of permanent positions	46	46	46
Full-time equivalent of other positions	29	29	29
Average number of all employees	71	72	72
Average GS grade	8.9	8.9	8.9
Average GS salary	$11,708	$11,637	$11,637
Average salary of ungraded positions	$ 9,010	$ 9,048	$ 9,048

ITEMIZATION OF ESTIMATE

Range Improvement (receipt limitation)

	Actual 1970	Estimate 1971	Estimate 1972	Increase (+) Decrease (-)
Program and Financing:				
Total obligations	$1,789,638	$1,795,000	$2,742,771	$+ 947,771
Unobligated balance available, start of year	- 248,943	- 228,771	- 228,771	---
Unobligated balance available, end of year	228,771	228,771	---	- 228,771
Appropriation	1,769,466	1,795,000	2,514,000	+ 719,000
Obligations by Objects:				
11.0 Personnel compensation	677,000	677,000	677,000	---
12.0 Personnel benefits: Civilian employees	44,000	46,000	44,000	- 2,000
21.0 Travel and transportation of persons	38,000	40,000	40,000	---
22.0 Transportation of things	76,000	76,000	76,000	---
23.0 Rent, communications and utilities	22,000	22,000	22,000	---
25.0 Other services	676,638	674,000	1,417,771	+ 743,771
26.0 Supplies and materials	245,000	245,000	451,000	+ 206,000
31.0 Equipment	12,000	15,000	15,000	---
Total Obligations	$1,789,638	$1,795,000	$2,742,771	$+ 947,771

ADMINISTRATIVE PROVISIONS

Mrs. HANSEN. Please insert justification page 73 in the record at this point.

(Justification p. 73 follows:)

ADMINISTRATIVE PROVISIONS

Authorization is requested to acquire one additional aircraft by transfer from another agency's surplus. This request was made in fiscal year 1969, but a suitable aircraft was not available.

This aircraft, a Convair 340 or equivalent, will be used at the Boise Interagency Fire Center, Boise, Idaho, for the hauling of aircargo, paracargo, and personnel, and use on airfields too small for larger transport aircraft. It will serve as a replacement to a DC–3 aircraft we are presently leasing. The DC–3's were designed in the early 1930's and almost no change has been made from the original model. Each year we have received only one or two responses to bid invitations and those offered have not been in the best condition. We have had marked difficulty in obtaining parts and proper maintenance which, together with performance limitations, makes it difficult to meet acceptable safety standards.

Replacement aircraft to be acquired

Number	1
Cost	$0

ADDITIONAL AIRCRAFT

Mrs. HANSEN. Justify your request to acquire an additional aircraft by transfer from another agency's surplus.

Mr. HASTEY. We have in the past been leasing a DC–3 aircraft in Boise to transport our firefighters and supplies. We find that the DC–3 is becoming almost obsolete due to age and its safety is questionable. It is difficult to maintain because parts are not easily available. We have a difficult time finding a plane that will suit our needs.

We would like to acquire an aircraft from the military or FAA on surplus that we could utilize to transport our firefighters and equipment.

DIGEST OF COMPTROLLER GENERAL'S REPORT

Mrs. HANSEN. I will insert in the record at this point the Digest of the Comptroller General's Report No. B–118678, dated March 17, 1970. It pertains to additional benefits that may accrue through increased use of competitive bidding to award oil and gas leases on Federal land.

Please insert in the record any comments you might have in connection with this particular report.

Have you seen it yet?

Mr. HASTEY. Yes, we have.

(The Digest of the Comptroller General's Report follows:)

COMPTROLLER GENERAL'S REPORT TO THE CONGRESS

OPPORTUNITY FOR BENEFITS THROUGH INCREASED USE OF COMPETITIVE BIDDING TO AWARD OIL AND GAS LEASES ON FEDERAL LANDS
Department of the Interior B-118678

D I G E S T

WHY THE REVIEW WAS MADE

Oil and gas leasing of Federal lands is handled by the Bureau of Land Management and the Geological Survey of the Department of the Interior. The General Accounting Office (GAO) reviewed the awarding of these leases because a large percentage of leases have been granted on a noncompetitive basis.

Of the 15,254 oil and gas leases that covered these lands and were entered into by the Bureau of Land Management during fiscal year 1968, 14,962 were awarded noncompetitively. The GAO review covered Federal lands in Colorado, Montana, New Mexico, and Wyoming, where about 70 percent of the leases were issued.

FINDINGS AND CONCLUSIONS

Many oil and gas leases of Federal lands outside a known geologic structure of a producing oil or gas field were awarded noncompetitively at prices that appeared to have been less than fair market value. (See p. 6.)

For example, GAO estimates that 2.5 million acres of Federal lands in the general vicinity of the Bell Creek Field discovery in Montana were leased noncompetitively for about $24 million less than their indicated fair market value. This estimate represents the difference between the average price per acre for leases on these Federal lands and the average price per acre for competitively awarded leases on State lands in the same area. (See chap. 2 for this and other examples.)

GAO believes that the substantial public interest in acquiring noncompetitive leases indicates that effective price competition could have been obtained if the leases had been awarded competitively. However, the leases could not have been awarded competitively because, under the governing statute the first qualified applicant is entitled to lease, without competitive bidding, lands of the United States that are not within any known geologic structure of a producing oil or gas field. Generally, the geologic data needed to determine whether lands offered for leasing are within such a structure are not available to the Department before leasing and drilling. (See p. 7.)

On the basis of its review, GAO believes that the Department, in leasing Federal lands for the development of oil and gas resources, should use competitive bidding to a greater extent to ensure that the lands are leased at prices that more nearly approximate their fair market value. (See p. 38.)

GAO believes, also, that the increased use of competitive bidding would tend to reduce or eliminate certain undesirable aspects of awarding leases to applicants on the basis of simultaneously filed lease applications, such as the multiple filing of applications to increase the chances of getting a lease, and the acquisition of leases for speculation rather than for the development of the resources.

The revenues received from oil and gas leases of Federal lands are shared by the Federal and State Governments. (See p. 3.)

GAO found indications that the statutory right of lessees to assign to other persons oil and gas leases of Federal lands in units as small as 40 acres impedes rather than induces the development of oil and gas resources. The paperwork resulting from the assignment of leases creates administrative burdens on the Bureau of Land Management. GAO believes that the minimum acreage limitations should be increased. (See p. 27.)

RECOMMENDATIONS OR SUGGESTIONS

GAO is recommending that the Mineral Leasing Act be amended to:

--require that oil and gas leases of all Federal lands be awarded competitively unless otherwise justified, and

--increase the minimum acreage limitations applicable to the assignments of oil and gas leases of Federal lands. (See p. 39.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Department of the Interior stated that, of three alternatives it had considered for extending competitive bidding procedures, it preferred the partially competitive systems to the fully competitive system. (See p. 33.)

MATTERS FOR CONSIDERATION BY THE CONGRESS

The matters discussed in this report need legislative consideration and action. (See p. 39.)

Comments on the GAO Final Report to Congress titled "Opportunity for Benefits through Increase Use of Competitive Bidding to Award Oil and Gas Leases on Federal Lands (B-118678), Department of the Interior.

We favor greater use of competitive procedures in oil and gas leasing.

The questions of the extent to which competitive disposal of underground resources whould be adopted was considered in depth in connection with the recent geothermal steam legislation. Public Law 91-581, the Geothermal Steam Act, provides for competitive disposals of geothermal steam in "Known geothermal steam areas." These are defined as areas in which the geology, nearby discoveries, competitive interest, or other factors, would, in the opinion of the Secretary, indicate to men who are experienced in the subject matter that the prospects for geothermal steam are good enough to warrant expenditures of money for that purpose.

This approach may also be appropriate for leasing of oil and gas, taking into consideration the encouragement of development and beneficiation of minerals and the principles of fair market return.

PERSONNEL CEILINGS

Mrs. HANSEN. You indicate your permanent positions will increase from 3,879 in 1971 to 3,987 in 1972. How do these figures compare with any personnel ceilings that might have been imposed by either the Department or the Office of Management and Budget?

Mr. HASTEY. The authorized positions we have compare fairly well with our end-of-year ceilings controlled by the Office of Managemnet and Budget.

Mrs. HANSEN. Please insert the comparison in the record.

(The information follows:)

BUREAU OF LAND MANAGEMENT—PERMANENT POSITIONS COMPARED WITH END-OF-YEAR EMPLOYMENT

	Fiscal year 1971	Fiscal year 1972
Permanent positions	3,879	3,987
End-of-year employment ceiling	3,678	3,756
Difference	201	231

UNFILLED POSITIONS

Mrs. HANSEN. You also indicate 201 unfilled positions as of June 30, 1971, and 231 unfilled positions as of June 30, 1972. What accounts for these unfilled positions at the end of the year?

Mr. HASTEY. This is a normal lapse rate, Mrs. Hansen, of about 5 percent. When a person leaves the Bureau it takes a certain amount of time to recruit and hire replacements.

Mr. RASMUSSEN. It also includes positions that we didn't fill under the pipeline that we were authorized to fill.

Mrs. HANSEN. During the past fiscal year, to what extent have you utilized nonreimbursable details of personnel from other agencies or bureaus?

Mr. HASTEY. I can't think of any offhand. We are working very closely with the other bureaus, particularly in the Trans-Alaska Pipeline.

Mrs. HANSEN. If you do have any, please insert a list in the record.

Mr. HASTEY. Yes, ma'am.

Mrs. HANSEN. To what extent, if any, have any of your personnel during the past fiscal year been on nonreimbursable details to other bureaus or agencies?

Mr. HASTEY. I can't think of any offhand.

Mrs. HANSEN. If you do, please insert the information in the record.

(The information follows:)

Non-Reimbursable Details - FY 1970

1. We have not utilized non-reimbursable details of personnel from other bureaus or agencies in FY 1970.

2. The following is the extent of our personnel on non-reimbursable detail in FY 1970.

# of Positions	Bureau or Agency	Length of Detail
1	Trust Territories	2 months
1	Trust Territories	4 months
1	White House	12 months

Travel and per diem for Trust Territory details were paid by Office of Territories.

SALE OF FEDERAL LAND

Mrs. HANSEN. Last fall several newspapers reported serious plans on the part of the Federal Government to sell off about 6 million acres of Federal land. To your knowledge, are any serious preparations currently being made in this connection as far as any of the BLM lands are concerned?

Mr. RASMUSSEN. I know of no such plans. Sale of public domain lands are governed by existing laws, and we do offer land for sale every year. I believe last year we offered 125,000 acres for sale. We might sell 150,000 acres of land this year. But the disposal of the public land is under existing law.

COMPLAINTS OF WILD GAME BEING HARASSED

Mrs. HANSEN. The University of Washington Daily, December 8, 1970, says, "Black gold rush plundering Alaska. Animals are being deliberately harassed by aircraft, helicopters, and light planes on the slopes and tundra. Caribou have been seen hopelessly tangled in wire." Do you have any knowledge of these activities?

Mr. RASMUSSEN. We don't have any direct knowledge of these activities. We have investigated with the Alaska State Game Commission a number of the claims that were made.

For example, below Point Hope it was said that the seismic crews were keeping the caribou from migrating. Investigating by the State of Alaska Fish and Game with our assistance indicated that because of the light winter the caribou hasn't moved very far and there was no harassment by the seismic crews. There are incidents, I am sure, but we don't believe it is the prevailing practice. However, I understand that Alaska does permit some hunting of wolves on the plains.

Mrs. HANSEN. The State of Alaska?

Mr. RASMUSSEN. Yes, the State of Alaska. But I am not aware of a lot of these incidents. We have investigated a number of them, and I believe we have had correspondence with you on them.

Mrs. HANSEN. In your investigations you have not encountered the accuracy of these statements?

Mr. RASMUSSEN. No, we haven't.

Mrs. HANSEN. Thank you very much, Mr. Rasmussen. This was a very comprehensive hearing today, and we appreciate it.

Mr. RASMUSSEN. Thank you very much.

Mrs. HANSEN. We appreciate the cooperation of you and your staff in the presentation. Thank you.

MONDAY, MARCH 8, 1971.

OFFICE OF TERRITORIES

WITNESSES

MRS. ELIZABETH P. FARRINGTON, DIRECTOR
SAMUEL HELLER, ASSISTANT DIRECTOR
THOMAS F. DUNN, ASSISTANT DIRECTOR
M. W. BALES, PACIFIC AREA SPECIALIST
JOHN J. STASKO, CHIEF, PROGRAM AND FINANCIAL MANAGEMENT
P. E. WINN, ASSISTANT CHIEF, PROGRAM AND FINANCIAL MANAGEMENT
HARRISON LOESCH, ASSISTANT SECRETARY, PUBLIC LAND MANAGEMENT, INTERIOR DEPARTMENT
FRANCIS M. WILES, DIRECTOR OF BUDGET, INTERIOR DEPARTMENT

(Note: See p. 1082 for amendments to 1972 budget.)

Mrs. HANSEN. The committee will come to order.

This morning we have the Office of Territories and we are very happy to welcome as the principal witness, Mrs. Elizabeth P. Farrington, the Director.

I may say we take particular pride in this because in the many agencies we fund she is one of the two women that appear before us. The ratio has improved, by the way, because there used to be only one that appeared before this committee. So you have made some progress.

Mr. YATES. There must have been a time when there were none.

GENERAL STATEMENT

Mrs. HANSEN. I am sure there was.

Mrs. Farrington, please insert your general statement in the record at this point and summarize it for us.

(The general statement follows:)

STATEMENT OF ELIZABETH P. FARRINGTON, DIRECTOR, OFFICE OF TERRITORIES

It is a pleasure to appear before you today to discuss our Territorial budgetary needs. I would like to present for your consideration, a brief summary of the funds that we believe are necessary to discharge the responsibilities of the Office of Territories for fiscal year 1972.

ADMINISTRATION OF TERRITORIES

For the Administration of Territories appropriation, we seek $21.4 million in fiscal year 1972, which is $4.0 million more than the appropriation for the current fiscal year. This request provides increases for both Guam and American Samoa.

For "Guam Rehabilitation," we are requesting $9.6 million, which is an increase of $1.1 million over the current fiscal year. This request will provide additional classrooms needed for kindergarten, elementary, and secondary school enrollment and shop space for training much needed blue collar skills; airport expansion for increasing passenger and cargo requirements; and water and sewer facilities to eliminate the present health hazards.

The request for American Samoa is $11.2 million, which is a $3 million increase over the current year. The requested appropriation will be supplemented by $8.9 million in local revenues and other Federal grants, for a total budget of $20.1 million. This program will provide major thrusts in education, public health, and water, sewerage, and power.

Included in the Territories appropriation is $576,000 for the Washington office, which will fund the authorized 32 positions.

Since the elected Governor provisions of Public Law 90–496 and Public Law 90–497 provide for the local governments to finance the Governors' functions, no funds are being requested for the Governors of the Virgin Islands and Guam in fiscal year 1972.

TRUST TERRITORY OF THE PACIFIC ISLANDS

The fiscal year 1972 budget request for the Trust Territory is $59.7 million, which is a $10 million increase over the current fiscal year. This budget provides for the continuation of the accelerated development program that was initiated by the Secretary in 1970. The funds requested will enable the Trust Territory to continue the emphasis on: education, improved health services, transportation, and related infrastructure.

FEDERAL COMPTROLLERS—GUAM AND VIRGIN ISLANDS

This fiscal year 1972 budget provides new funding of $350,000 for the Guam comptroller and $437,360 for the Virgin Islands comptroller. The funds for both these activities are provided for by provisions of Public Law 90–497 and Public Law 90–496, and will be transferred to the Administration of Territories appropriation.

The chief executives of Guam, American Samoa, and the trust territory are present and will explain in detail the budget requests of their respective areas.

Mrs. FARRINGTON. Thank you, Mrs. Hansen. I think I will go over it briefly. It is a pleasure to appear before you today and to discuss our territorial budgetary needs. I would like to present for your consideration, a brief summary of the funds that we believe are necessary to discharge the responsibilities of the Office of Territories for fiscal year 1972.

For the "Administration of Territories" appropriation, we seek $21.4 million in fiscal year 1972, which is $4.0 million more than the appropriation for the current fiscal year. This request provides increases for both Guam and American Samoa.

Mrs. HANSEN. Is this just for the Office of Territories?

Mrs. FARRINGTON. This is exclusive of the Trust Territory. Not just the Office. This is for the whole administration not just the Office of Territories. For "Guam Rehabilitation," we are requesting $9.6 million, which is an increase of $1.1 million over the current fiscal year. This request will provide additional classrooms needed for kindergarten, elementary, and secondary school enrollment, and shop space for training much needed blue collar skills; airport expansion for increasing passenger and cargo requirements; and water and sewer facilities to eliminate the present health hazards.

I would interject here that the priorities I think would be the airport expansion and water and sewerage.

AMERICAN SAMOA

The request for American Samoa is $11.2 million, which is a $3 million increase over the current year. The requested appropriation will be supplemented by $8.9 million in local revenues and other Federal grants, for a total budget of $20.1 million. This program will provide major thrusts in education, public health, and water, sewerage, and power.

Included in the Territories appropriation is $576,000 for the Washington Office, which will fund the authorized 32 positions.

Now, that is our office you are asking about.

Mrs. HANSEN. Yes.

GOVERNOR'S OFFICES

Mrs. FARRINGTON. Since the elected Governor provisions of Public Law 90–496 and Public Law 90–497 provide for the local governments to finance the Governors' functions, no funds are being requested for the Governors of the Virgin Islands and Guam in fiscal year 1972.

TRUST TERRITORY

The fiscal year 1972 budget request for the Trust Territory is $59.7 million, which is a $10 million increase over the current fiscal year. This budget provides for the continuation of the accelerated development program that was initiated by the Secretary in 1970. The funds requested will enable the Trust Territory to continue the emphasis on: education, improved health services, transportation, and related infrastructure.

COMPTROLLERS OFFICES

This fiscal year 1972 budget provides new funding of $350,000 for the Guam Comptroller and $437,360 for the Virgin Islands Comptroller. The funds for both these activities are provided for by provisions of Public Law 90–497 and Public Law 90–496 and will be transferred to the Administration of Territories appropriation.

The chief executives of Guam, American Samoa, and the trust territory are present and will explain in detail the budget requests of their respective areas. Of course, I also have members of my staff present this morning.

GENERAL REPORT ON ADMINISTRATION OF THE TERRITORIES

Mrs. HANSEN. We will get into the details with the chief executives of Guam, American Samoa, and the Trust Territory when we hear their individual budget requests, but I think it would be well for you to give us a general report on the administration of the territories during the past year.

Mrs. FARRINGTON. Yes. I don't know what I can tell you about it except that we have continued and there hasn't been any particular change in policy, in spite of the change at the top in the Interior Department.

INFRASTRUCTURE

We have gone along our way with the emphasis on infrastructure that I told you about last year.

Mrs. HANSEN. Please discuss the infrastructure for the new members of the committee. To my left is the very distinguished Congressman from Illinois Mr. Yates, who, by the way, served on the trusteeship council.

Mr. YATES. Did I serve with your husband?

Mrs. FARRINGTON. He was in Congress for many years.

Mr. YATES. Yes, Joseph Farrington. I remember him very well.

Mrs. FARRINGTON. Well, as far as the infrastructure is concerned, when I first took this office Madam Chairman, I told you that was the emphasis I would like to see because I felt we couldn't get anywhere with education or anywhere else until the people have potable

water and the basic necessities of life. So that is what we have emphasized although we have done a great deal in other areas, also.

Now, in the four territories that we administer, the most underdeveloped one of course, is the Trust Territory of the Pacific Islands. As you know, it consists of this large area in the Pacific, 3 million square miles of ocean, and 2,141 islands having a land area of only 700 square miles, 97 of which are inhabited.

I have recently been out there again. I went first 6 months ago to four of the districts, and in January I went to two more, Yap and Palau.

There is a great need for infrastructure everywhere. They are doing the best they can and in the district centers they are beginning to develop it and they have plans for more in this budget coming up.

IMPROVEMENT IN THE TRUST TERRITORY

Mrs. HANSEN. Has there been a sizable amount of improvement shown?

Mrs. FARRINGTON. I can't tell you anything about the improvement from the fact that I never had been there before. On paper it looks like an improvement, but these were my first visits to these particular districts, and I would say from what they say on paper, there is a great deal of improvement.

Mr. LOESCH. I was out there three times in 1970, but from the people who were there 4 years ago, they say it is just stunning.

I was talking to a professor the other day who had been there in the summer and fall of 1966, and the spring of 1967. His name is Mason. He told me that he was just astounded at the progress since then.

It is hard to see the forest for the trees when you are just in the middle of it.

PROBLEM AREAS IN THE TERRITORIES

There are three things. One is the lack of school buildings; two, the lack of qualified teachers; three, the health facilities.

Back to education, also the lack of dormitory space for youngsters to attend the school when they came from remote islands.

Three, the lack of hospitals and the lack of dispensaries. The kind of shape that the buildings were in that they used.

Four, the very poor transportation facilities and, five, the inadequate schools.

Six, the general attitude of civilians in the old colonial system.

If you care to give us an overall case, we will get into the details with the commission there.

AMERICAN SAMOA PROBLEMS

Then we have a problem in Samoa, which as you are well aware—the next thing we didn't have too much industry activity to enable the people to make a living. The fishing was at a low ebb, and they have a tremendous potential.

We started educational television and that was allowed to kind of go to pot and it was problems of maintenance all through the area.

GUAM

In Guam, this was throughout.

I think as you said, we will get improvements as far as the territories are concerned. I am impressed with the speed. Not that we are pure by any manner or means, but we are making great progress in construction of the infrastructure, but one of the things that I am sure you will be interested in is the report on the interagencies.

(Off the record discussion.)

Mrs. HANSEN. Mrs. Farrington please continue.

Mrs. FARRINGTON. I would like to say, Madam Chairman, that my impressions out there—as I said I couldn't compare it with anything before, each district that I went to was my first visit—led me to conclude that there were some very fine signs. There has to be great emphasis on the infrastructure because you can't go anywhere now in the trust territory and drink any water unless it is in the hotel or the Governor's home or somewhere of that sort. We need the money for that.

HOTELS

Meanwhile, there has been this great improvement. In Truk they just finished a beautiful new hotel. Continental Airlines is going to build six hotels, one in each district, and I think the one in Truk should be open now.

Now, they had to set up their own water system and power and everything for that, but it will be a great thing.

EMPLOYMENT OF MICRONESIANS

Mrs. HANSEN. How many Micronesians are employed in the hotels?

Mrs. FARRINGTON. I haven't got that figure. I don't know. I would guess they would have 300 employees, something like that.

Mr. LOESCH. It is very impressive. It is almost total Micronesians.

Mrs. HANSEN. You will remember that this committee has been interested for many years in increasing the employment of the Micronesians.

WATER PROBLEM

This committee for many years has been trying to secure the basic facilities for the people of the Trust Territories so at least they will be provided with the basic necessities of life. One was the development of a water system. The second thing was an adequate sewage system. The third thing was, as I mentioned earlier, the infirmaries and dispensaries. We know you have made a sizeable improvement in the schools.

Mrs. FARRINGTON. You take Majuro where I visited for several days. The reason we want to build a catchment to build the water system is that, they had water only three times a day. Everybody was in the same situation. It wasn't water that you could drink at that, just to bathe in.

EFFECT OF ATOMIC TESTING ON TRUST TERRITORY WATER SUPPLY

Mrs. HANSEN. Because of the prevailing winds with China's atomic testing, what will the effect be on your water supply?

Mrs. FARRINGTON. I don't know, Mrs. Hansen. I know there are a few islands in the trust territory that have enough rain and so on. Most of them are very dry. There are no such things as streams and the rains are very small and most of the islands are that way. What they get is rain, but it is catchments that they have to store the water in. That is another cost. You have to have enough reservoirs to store it for the rest of the year.

Mrs. HANSEN. Do you have scientists measuring the effects of atomic testing on your water supply?

Mr. LOESCH. I can't answer that question, either.

Mrs. HANSEN. I think you had better get the answer. You might get in touch with the National Science Foundation. Certainly you know that fallout has been bad in the northwest, and in Canada because of the prevailing winds. There are times when it could be very disastrous and it could be particularly disastrous in an area where you are storing water that comes directly from rainfall.

Mr. LOESCH. My impression is that the prevailing winds would not bring it from China.

Mrs. HANSEN. Well, I hope you will look into this to see if possibly the water is being contaminated.

TRUK HOSPITAL

Mrs. FARRINGTON. Another thing I saw that was very encouraging, the finished hospital in Truk. It is a beautiful hospital. Now they have to have funds to maintain it properly. Here we give them a big hospital but they need experts to run it.

Mrs. HANSEN. Do you have adequate personnel?

Mrs. FARRINGTON. That is my point. How are you going to keep it up?

Mrs. HANSEN. Where are you going to recruit the personnel from?

Mrs. FARRINGTON. They were looking for a manager from the California coast. I don't know if they got him or not. One of the most satisfying things I saw was in Palau.

VOCATIONAL TRAINING

It was a vocational school that they set up. They have something like 200 students this year and they hope to have 500 next year and 1,000 following and they were doing a great job in training these youngsters in the kind of things they need to know. They were training the girls to be waitresses and they even had a service station in the school there where they really serviced cars. That was the sort of thing that appealed to me a great deal.

Mr. LOESCH. If I can interject again there, I think one of the best things that was done was getting indigenous skill for repair and maintenance of all kinds of engines like outboard motors for their boats——

Mrs. HANSEN. Since this is a maritime area, are you training people for maritime jobs?

Mr. LOESCH. As far as maintenance of boats and motors is concerned, so far as that is concerned——

Mrs. HANSEN. You have to have skippers, crews, and all the other personnel that makes up any maritime economy.

Mr. HELLER. They have training programs.

Mrs. HANSEN. You do?

Mr. LOESCH. Yes.

Mrs. HANSEN. When I was in South America I discovered on the beaches of Peru just hundreds of fish boats that were dry docked. I asked what had happened to those fish boats and the answer was that they were in dry dock because the skippers and crews were not trained in their operation so they were waiting to be repaired from the damages caused by these untrained skippers.

When you are in a maritime area, you must train your skippers and crews not only in running the ships, but also in loading, dock maintenance, and all of those things that are an indigenous part of any maritime operation.

Mr. LOESCH. You are acquainted, of course, with our boatbuilding?

PROGRESS IN AMERICAN SAMOA

Mrs. HANSEN. Yes. Mrs. Farrington, what achievements have been made in American Samoa?

Mrs. FARRINGTON. Well, you know what a dynamic Governor we have there.

Mrs. HANSEN. Yes; he is from my State of Washington and I take great pride in him.

Mrs. FARRINGTON. In every field of endeavor he is working to get some progress.

SCHOOL PROGRAM

In every area of endeavor, he has progressed, I am sure, but I think in the school program he has done a great deal. Realizing that the children are handicapped in the upper grades by this television, that they hadn't had it from the first grade on, he has done something about that and made English a second language and they are getting along that way well, and, of course, he is doing everything he can to clean up the sewage and dumps that we told you about before, and he is just progressing, that is all, and he needs more and more money to do it.

Mr. LOESCH. He is going to give you a real sales pitch.

Mrs. HANSEN. I get a letter from him about once a week.

Mrs. FARRINGTON. And there isn't anything he doesn't need. I don't say that facetiously. It is really true.

Mr. HELLER. He opened up the quickest community college in the world, in about 2 months.

Mrs. HANSEN. He came from a State that was a leader in community colleges. From his experiences in Seattle he should also know how to get a basic economy moving.

What achievements have been made in Guam?

PROGRESS IN GUAM

Mrs. FARRINGTON. Well, Guam is a brighter picture. It has the Navy there which gives it a good deal of economic support, as you know, and the tourism has increased by great leaps and bounds. The Japanese honeymooners are still coming and they have about 16 hotels

now and they need money to increase their school classrooms and capital improvements of that sort very much. And to increase their airport and terminal facilities.

SELLA BAY

Mrs. HANSEN. Have they settled the land problem in Sella Bay?

Mrs. FARRINGTON. I asked the Governor about it and I think he has come to an agreement with the admiral out there and they are going to trade lands. We warned them that if they got the acreage, be sure of the value of the land. He might have to collect extra money from them.

Mr. LOESCH. Also, there was some mixup in lands to be traded that is currently being looked at. I don't think they are through with this. But I think they have arrived at a reasonably amicable understanding.

Mrs. FARRINGTON. I know the admiral guaranteed him, that I think there is only about 100 feet of pier that they were going to build that they could close off at the time they were loading dynamite and things like that and the public could use it the rest of the time. The Governor was very satisfied with the arrangement.

Mrs. HANSEN. Mr. Yates.

TRUST TERRITORY SCHOOLS

Mr. YATES. I notice from the justification that 97 of the 2,000 and some islands are inhabited. How many of those islands have schools, the 97 islands?

Mrs. FARRINGTON. I don't know how many. I can't answer that exactly, but I know a lot of them do. It is divided into six political districts, but then the outer islands have schools, too. When you have an island that has only 45 inhabitants, they have a nearby island to take the students to, but most of the islands have some classrooms.

Mrs. HANSEN. This is one of the reasons why you must have dormitories while the children attend school. This is a maritime nation, as I mentioned earlier, and there are times when the seas are too rough to manage daily crossings.

Mrs. FARRINGTON. It is too far, too.

EDUCATIONAL TV

Mr. YATES. I was thinking of the possibility of teaching by television.

Mrs. HANSEN. Part of the problem as I understand it in these islands is the lack of power generating facilities.

Mr. YATES. Has there been any survey of the possibility of teaching by television?

Mr. HELLER. Some studies have been done in the past, but they don't find it quite feasible to the outer islands.

Mr. YATES. How much of the Trust Territory budget is devoted to the education of children?

Mr. HELLER. I would say it is the largest item of the operations budget by far.

Mr. YATES. Well, a good size doesn't tell me anything.

Mr. HELLER. The operating expenditures for education are $10 million.

POTABLE WATER

Mr. YATES. How many of the 97 islands have potable water?

Mrs. FARRINGTON. As I said, there isn't any anywhere, except the hotel in Saipan and the Governor's house.

Mr. YATES. How do the people live?

Mrs. FARRINGTON. Maybe they are immune to it, I don't know. If I go down there, I have to live with somebody where it is boiled or stay in the hotel.

Mr. YATES. Has there been a survey of the islands to say what the situation is with respect to water?

Mrs. FARRINGTON. Yes; we had survey after survey, what we need is money.

HOSPITALS

Mr. YATES. You said there is a hospital that has just been constructed. How many hospitals are there in the six districts?

Mrs. FARRINGTON. I would say there are six.

Mr. YATES. One in each?

Mrs. FARRINGTON. Yes.

Mr. YATES. One in each district?

Mrs. FARRINGTON. Yes; in addition, they do have dispensaries around the islands.

ISLAND GOVERNMENT

Mr. YATES. Your justification indicates that there is now governing the islands a bicameral congress, a judicial authority and a high commissioner.

Mrs. FARRINGTON. Yes.

Mr. YATES. Do you find any dissatisfaction with that kind of political activity?

Mrs. FARRINGTON. Not from our standpoint but right now there is a great deal of commotion in the Trust Territory among the Micronesian people.

If you are familiar with the political status commission that Congress appointed 2 years ago, you will recall it came up with a report; their first choice being the free association with the United States; (we don't know what that means) and the second choice is indepenence. This year the legislature was in session until the building burned down the other day. There have been some moves. I don't know, I think there were resolutions introduced wanting the executive branch of government elected by the Congress but it hasn't happened yet.

INDEPENDENCE MOVEMENT

Mr. YATES. Is there a strong independence movement?

Mrs. FARRINGTON. I wouldn't say it was strong, I think there are a few firebrands.

Mr. YATES. Is it spread throughout the area?

Mrs. FARRINGTON. Well, the Marianas are the most friendly, I think, to the United States, although they have been talking about inde-

pendence just to get out of the United Nations agreement because they want to join up with Guam.

But I think they are much the most loyal of all of them.

POLITICAL STATUS DISCUSSIONS

Mr. LOESCH. It is really difficult to assess. Other than the political status talks which have been kind of limited up to now.

Mr. YATES. What do you mean by political status talks, who has been talking?

Mr. LOESCH. The Congress of Micronesia appointed a status delegation to discuss future political status with the Government of the United States. The executive branch of the Government of the United States—the chain of authority, you might say, comes down through the National Security Council Under Secretary's Committee. As a group under that there was constituted on sort of an ad hoc basis what we call the interagency group of which I am the chairman. This group consists of representatives from Interior, State, Defense, National Security Council, White House staff, Justice——

Mr. YATES. What is the status of those talks?

Mr. LOESCH. We had our last talk in May of last year, at which time the group of which I am the chairman presented a so-called commonwealth proposal to the status delegation which was refused. That is to say the status delegation did not agree with it. This commonwealth wasn't on the order of the Puerto Rican situation, rather narrower than that. The report by the Micronesian status delegation to the Congress of Micronesia in August recommended against acceptance of the commonwealth proposal that we had made in May and again proposed free association with the United States.

The big hangups—there are two serious points——

Mr. YATES. What do they mean by free association, in the nature of a relationship like Puerto Rico?

Mr. LOESCH. Yes, of that nature. Actually, according to their concepts, they presented us with four so-called principles which basically would result if implemented in a very loose association with the United States in which we guaranteed their defense and their foreign relations and that is about all we would have to do with it. The big points of contention are the land situation, they are extremely sensitive to the question of the right of the United States, the right of eminent domain in the United States and they also are extremely adamant at this moment about a right of unilateral termination of any relationship with the United States.

Now, at this point in time we really haven't anything at all definitive to where we are going to go on status. The Congress of Micronesia at its January session reconstituted a status delegation of its members to enter further discussion. It is, in my view, time the U.S. Government either gave its negotiators a little more leeway or at optimum got into a dialog with our own Congress of—so that whatever comes out of it is more or less agreed to ahead of time on our side.

Now I am giving you my own view.

ACTION OF MICRONESIAN CONGRESS

Mr. YATES. What is it that the Micronesian Congress has done? Have they passed a resolution in which they have requested these discussions with the Government of the United States looking to either this free association or an independent?

Mr. LOESCH. Yes, they have passed dozens of resolutions on the subject.

Mr. YATES. Does this indicate they are not very happy?

Mr. LOESCH. Sure.

MICRONESIAN COMPLAINTS

Mr. YATES. What is the nature of their complaint?

Mr. LOESCH. From a historical standpoint they claim they were neglected for 20 years after World War II by us, we were allowing whatever structure there was to be destroyed. We paid no attention to our responsibilities under the trusteeship agreement to bring them toward self-government and so on.

Mr. YATES. Do they have a current complaint? You said this was historical, do they have one that is more current?

Mr. LOESCH. They have a number of complaints, of course. They are still complaining because we haven't yet taken care of the war claims and post security claims that they have. They also complain that the bills that are in the works on those two subjects are inadequate. Of course, they have astronomical demands.

WAR CLAIMS

Mrs. HANSEN. What is the total amount of their war claims?

Mr. LOESCH. Our bill, the war claims bill calls for $10 million, or did in the last Congress.

Mrs. HANSEN. What did their bill ask for?

Mr. LOESCH. They didn't have a bill. But, goodness, their claims go all the way up to billions.

Mr. DUNN. Our bill now calls for $10 million war claims and $20 million post security.

Mr. LOESCH. We think the war claims is a bit low. They resulted from the negotiations between the United States and Japan by which Japan agreed to pay in goods and services $5 million.

Mr. YATES. $5 billion?

AGREEMENT WITH JAPAN

Mr. LOESCH. $5 million. We were to match that $5 million with another $5 million and this agreement was made with Japan without any Micronesian input.

Mrs. HANSEN. How long ago was this made?

Mr. LOESCH. It was actually signed up with Japan in the spring of 1969, I think in March, if I am not mistaken. It was under discussion for a number of years with Japan.

Mr. YATES. I know that. I am surprised we consented to that low a figure.

Mr. LOESCH. I think in all fairness to our own Government, the State Department fell under great strictures because of other important matters being negotiated with Japan.

Mrs. HANSEN. They didn't negotiate individual trade agreements with the other territories.

Mr. LOESCH. One of the unfortunate things about the agreement with Japan that I denigrated a great deal is that provision allowing Japan to come in and salvage the sunken ships and so forth, it caused a great deal of stir among the Trukese.

Mr. YATES. That agreement subject to being read by our committee?

Mrs. HANSEN. Yes.

Mr. YATES. I would like to see it.

Mrs. HANSEN. Please insert the document in the record.

(The document follows:)

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND JAPAN CONCERNING THE TRUST TERRITORY OF THE PACIFIC ISLANDS

The United States of America and Japan,

Desirous of expressing their common sympathy for the suffering caused by the hostilities of the Second World War to the inhabitants of the Pacific Islands formerly under League of Nations Mandate to Japan, and now administered by the United States of America under the United Nations Trusteeship System as the Trust Territory of the Pacific Islands,

Desirous of making an ex gratia contribution to the welfare of the inhabitants of the Trust Territory,

Desirous of concluding a special arrangement, as envisaged in Article 4(a) of the Treaty of Peace with Japan, concerning the disposition of property of Japan and of its nationals in the Trust Territory and their claims, including debts, against the Administering Authority of the Trust Territory and the residents thereof, and the disposition in Japan of property of the Administering Authority and residents of the Trust Territory, and of their claims, including debts, against Japan and its nationals,

Have agreed as follows:

ARTICLE I

1. Japan will make available in grants to the United States of America, in its capacity as Administering Authority of the Trust Territory, one billion and eight hundred million yen (¥1,800,000,000), currently computed at five million United States dollars ($5,000,000), for the purchase in Japan by the Administering Authority of the products of Japan and the services of the Japanese people, to be used for the welfare of the inhabitants of the Trust Territory.

2. The provision of these products and services shall, unless otherwise agreed upon by the Government of the United States of America and the Government of Japan, be made over a period of three years from the date on which the Japanese budget for the fiscal year 1970 is approved by the Diet, or the date of the appropriation of funds by the Congress of the United States of America under Article II of this Agreement, whichever date is later. The provision of products and services by Japan shall, subject to detailed arrangements to be concluded pursuant to paragraph 3 of this Article, be made in a reasonably even manner during the period.

3. The Government of the United States of America, as Administering Authority, and the Government of Japan shall conclude detailed arrangements for the implementation of this Article.

ARTICLE II

The Government of the United States of America shall, subject to the appropriation of funds by the Congress of the United States, establish a fund in the amount of five million United States dollars ($5,000,000), aside from its normal budgetary expenditures for the Trust Territory, to be used for the welfare of the inhabitants of the Trust Territory.

ARTICLE III

The United States of America, as Administering Authority, and Japan agree that all questions encompassed by Article 4(a) of the Treaty of Peace with Japan concerning the disposition of property of Japan and its nationals in the Trust Territory, and their claims, including debts, against the Administering Authority and the residents of the Trust Territory, and the disposition in Japan of property of the Administering Authority and the residents of the Trust Territory, and their claims, including debts, against Japan and its nationals, are fully and finally settled.

ARTICLE IV

This Agreement shall enter into force on the date of receipt by the Government of the United States of America of a note from the Government of Japan stating that Japan has approved the Agreement in accordance with its legal procedures.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done at Tokyo, this eighteenth day of April, 1969, in duplicate in the English and Japanese languages, both being equally authentic.

For the United States of America:

For Japan:

——— ———.

Mr. YATES. I am taking too much time of my 5 minutes, Madam Chairman.

Mrs. HANSEN. Please proceed.

Mr. YATES. You say one of their complaints is payment of the war crimes, what other complaints are there?

OTHER MICRONESIAN COMPLAINTS

Mr. LOESCH. Well, they feel we have taken a paternalistic and colonialistic attitude towards them against our historical attitude as to other nations in the same boat. Everyone in the Congress of Micronesia, with very few exceptions, I may say, decided last summer that they all wanted to be Patrick Henry at once. It became quite an emotional thing, this independence bit and a lot of it is not rationally or rationally adjusted to their economic situation, of course. But just the same there was considerate furor last summer in the Congress of Micronesia. I think it quieted down to some extent.

As Mrs. Farrington said, the Marianas are opposed to free association or independence.

Mr. YATES. Is there a difference between the other districts?

Mr. LOESCH. Yes; the Marianas want to combine with Guam or be a territory. What they want to be is U.S. citizens and they will tell you that is their primary object.

Mr. YATES. Mr. Secretary, part of the declaration against colonialism, I think it was in 1960, the United Nations stated that the material or the economic well-being of the territory wasn't important in terms of independence, is that correct?

Mr. LOESCH. That is true. And, of course, the hard line independence areas in the trust territory have accused by higher budget and have said, whether it is true or not, that they would be willing to go back to the fish and coconut economy to get out from underneath the United States.

Mr. YATES. Have you taken any polls of the area?

Mr. LOESCH. No.

Mr. YATES. You don't know what the people as a whole think?

Mr. LOESCH. Let me say this. The ordinary Micronesian, not the leadership, is going to have no opinion. He is going to do what either his traditional chief tells him to or, more recently, the traditional chiefs are more and more leaving the political aspect of the matter to the more or less handpicked members of the Congress of Micronesia.

So I don't think any policy is going to get you anywhere, really.

DESIRE FOR INDEPENDENCE

Mr. YATES. Well, how fundamental or how positive or prevalent or driving is this desire for independence?

Mr. LOESCH. We don't know. We are unable to evaluate that.

Mrs. HANSEN. I think they would like both Federal funding and independence.

Mr. YATES. Do they want independence without the money?

Mr. LOESCH. I think our next round of talks will give us a better fix on that. None is scheduled at this minute.

I am in correspondence with the Speaker of the House and the President of the Senate out there and we will be setting up a new schedule shortly.

U.N. COUNCIL

Mr. YATES. Isn't the U.S. representative to the trusteeship territory likely to run into some difficulty because of the failure of talks up to the present time?

If there is this strong an independence movement, it certainly makes his job that much more difficult.

Mr. LOESCH. You are speaking now of what?

Mr. YATES. The Trusteeship Council of the United Nations.

Mr. LOESCH. Yes.

Although the Trusteeship Council, which triennially sends a group to tour the trust territory, made less strong representation in this respect last year than it had before, because I think primarily of the economic situations.

Mr. YATES. This was our big complaint when I was the representative, the low budget being made available.

Mrs. FARRINGTON. May I supplement this a bit?

Did Mr. Loesch tell them of the $20 million postwar claims that they want?

Mr. LOESCH. Yes, we did.

INCREASED U.S. FUNDS FOR MICRONESIA

Mrs. HANSEN. I may say in defense of the United States, and I am a little tired of everybody criticizing her all the time, that the conditions in the Trust Territories have improved greatly since 1962. This expanded program was started by Mr. Kirwan and it has been continued ever since. I think the record should show that in 1962 the appropriation was $6,104,000. In 1972 the estimated appropriation is $59,739,000. This does not include funds that are received by grants from other Federal Agencies.

We haven't moved ahead far enough but progress is being made. You have had the same type of problems on reservations in this country.

The U.S. Government, and particularly this committee, has al-

ways tried to provide adequate funds to do the best possible job for the people of the Trust Territories.

This is a people-to-people oriented committee. We have been deeply concerned about doing the best possible job.

This is a maritime nation and the problems are very difficult to solve. I lived on a river in an area that had no roads for many years.

I think the Micronesians should recognize that this committee has worked with them and cooperated to the fullest possible extent.

I might say, Mrs. Farrington and Secretary Loesch, that you have done in the last 2 years a tremendous job in stepping up the programs in all of your Territories.

Mr. LOESCH. Well, I am proud of it, I will tell you.

Mrs. HANSEN. There's a lot more to be done, but there is also a lot more to be done in the urban areas of the United States.

Mr. WYATT. And Pocatello, Idaho, too.

Mrs. HANSEN. Yes, things aren't perfect there either.

Mr. Wyatt?

ECONOMIC DEVELOPMENT

Mr. WYATT. I would also be interested, Madam Chairman, in what kind of agreement or understanding there is with Harvey and to what extent they are fulfilling their part of the bargain.

I think I would like to say I am very interested in the progress that has been made just in the last couple of years, in particular, on economic development. That is of vocational training, any kind of signs of real economic development in the Trust Territory.

We have been into that a little bit in the past. I will get into that detail when we come to it.

Mrs. FARRINGTON. We are hopeful we can get our bill through this year. We have a $5 million economic development bill that we didn't get through last year to encourage them in agriculture and the fishing development.

STATUS OF WAR CLAIMS AND POSTWAR CLAIMS

Mr. WYATT. What exactly is the status of the war claims and the postwar claims? Where do they stand?

Mrs. FARRINGTON. Maybe Mr. Dunn can answer that better than I can.

It got through one side of the House and both sides passed it with different versions. One was the $10 million, and the combined bill was $10 and $20 million.

Mr. DUNN. Senator Jackson introduced one bill on the Senate side and also there has been a bill introduced by Senator Burdick, which is an omnibus bill which includes the war claims, postwar claims, tariff, free entry, economic development, and trust territories.

Also, it includes a provision where the trust territory citizens can enlist in the U.S. Army.

The problem with the bill has been that it went to the Interior Committee on the Senate side last year; however, since it involved a treaty, the House Parliamentarian referred it to the House Foreign Affairs Committee.

This year, the bill is up but it hasn't been introduced on the House side because the Foreign Affairs Committee has as yet not been organized—at least as of last week.

Last year it went to Congressman Gallagher's Subcommittee on International Operations, and there is some question as to whether he is going to be chairman of the subcommittee or move to another subcommittee.

EFFECT ON CUSTOMS

Mr. WYATT. Would Senator Jackson's bill affect the status of the trust territory in relation to their customs and their relations with the United States?

Mr. DUNN. Senator Jackson's bill won't, but the omnibus bill would.

Mr. WYATT. Would it give them a change of status and so on?

Mr. DUNN. Right. It would give them the same treatment as the American territories.

Mr. WYATT. Are the postwar claims also treated in the omnibus bill?

Mr. DUNN. Right.

LAND CLAIM PROBLEMS

Mr. WYATT. Are there any native land claim problems in way of the territories, or Guam, or Saipan, or American Samoa?

Mrs. FARRINGTON. Mr. Heller talked about the land program going on in the territory and they issued some titles for the first time in history. We had to decide what the areas are regardless of who claimed them first.

Mr. HELLER. Each of the territories, of course, has a standard land procedure. When somebody makes a claim and there is no agreement between the claimants it goes to the courts.

But in the trust territory where they have a great deal of trouble determining titles, it is mostly based on custom.

There is now going a whole land program which, hopefully, will have all of the 84,000 parcels titled, and registered in the land system.

Mr. WYATT. This is a huge undertaking, I assume.

ADDITIONAL FUNDS FOR LAND CADASTRAL PROGRAM

Mrs. FARRINGTON. We would like to have more money for that land cadastral survey because they are saying they are supposed to do it in 5 years.

Mrs. HANSEN. Mrs. Farrington, your cadastral survey program is not progressing fast enough because of the failure to budget enough funds.

Mr. WYATT. Isn't it true this delay will slow any real meaningful economic development because who knows who owns what, who has title for the lease of a building or a freezing plant for fish, or agricultural development, or anything of this kind?

Mrs. FARRINGTON. It is very important to have it done.

He asked me to come back and ask Mr. Loesch for 15 more men. He said at the rate they were going it would take 15 years and I know he was right, because it was very slow.

GENERAL ADMINISTRATION

Mrs. HANSEN. Please insert pages 106 through 108 of the justifications at this point in the record.

(Pages 106 through 108 of the justification follow.)

4. GENERAL ADMINISTRATION

Washington Office: Fiscal year 1971, $537,000; fiscal year 1972, $576,000 increase, $39,000. The increase consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
+$40,000	-	$576,000	32	To maintain full employment of authorized positions and other minor increases.
- 1,000	-			Due to program savings in paper work management.
+ 39,000				

Cost Factors Involved in Increases

(1) The increase $39,000 is required to fully fund 32 authorized positions and step increases at $29,000, the balance $10,000 covers travel, $7,000 and printing, $3,000.

Need for Increase

(1) In fiscal year 1971, increased emphasis is being placed on assisting the Territories in correcting and solving their territorial problems, as regard to organization, management improvement, planning, budgeting and financial management. Our FY 1971 and FY 1972 programs include additional travel funds for a more active and positive review and surveillance of territorial matters. In particular, more "on the spot" surveillance is essential to insure that compliance with recommendations, plans, and corrective actions are accomplished in the Territories. Under this concept, the program requested for FY 1972 is $576,000, which is an increase of $39,000 over the current year. This will provide for full utilization of the 32 authorized positions and minor increases in other object classes. The current year program includes $28,000 for estimated normal pay costs.

Program for Work

The proposed program for the Washington Office in fiscal year 1972 will provide staff support and guidance for the Secretary of the Interior in the exercise of his responsibilities for the territories of the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Government Comptrollers for Guam and the Virgin Islands, and other territorial areas under his jurisdiction, such as, Canton, Enderbury, Howland, Baker, Jarvis, Wake and Palmyra Islands.

Administration of Territories

PERSONNEL SUMMARY

	1970 actual	1971 estimate	1972 estimate
Total number of permanent positions	94	94	87
Full-time equivalent of other positions.	1	1	1
Average number of all employees	75	80	85
Average GS grade	9.8	10.1	10.2
Average GS salary	$15,261	$15,937	$16,376
Average salary of ungraded positions ...	$3,328	--	--

ITEMIZATION OF ESTIMATE

Department of the Interior
Appropriation Title: Administration of Territories, Office of Territories

	Actual 1970	Estimate 1971	Estimate 1972	Increase (+) or Decrease (-)
Program and Financing				
Total obligations	$15,841,144	$19,841,760	$22,261,400	$+2,419,640
Unobligated balance available, start of year	-2,158,927	-2,057,799	-89,039	+1,968,760
Unobligated balance, end of year	2,057,799	89,039	--	-89,039
Budget Authority	15,740,016	17,873,000	22,172,361	+4,299,361
Obligations by Objects				
11 Personnel compensation ...	1,314,296	1,401,000	1,515,000	+114,000
12 Personnel benefits	94,754	137,000	157,000	+20,000
21 Travel and transportation of persons	79,792	97,000	115,000	+18,000
22 Transportation of things..	39,948	33,000	62,000	+29,000
23 Rent, communications, and utilities	42,816	67,000	67,000	-0-
24 Printing and reproduction	20,465	17,000	17,000	-0-
25 Other services	70,733	115,000	108,000	-7,000
26 Supplies and materials ...	20,390	17,000	18,000	+1,000
31 Equipment	15,052	28,000	18,000	-10,000
33 Investment and loans	4,808,535	4,598,000	5,481,500	+883,500
41 Grants, subsidies, and contributions	9,474,605	13,477,000	14,853,000	+1,376,000
96 Portion of foregoing obligations originally charged to object class 41:				
Object class 11	-133,242	-135,000	-140,000	-5,000
Object class 12	-7,000	-10,240	-10,100	+140
Total obligations ...	15,841,144	19,841,760	22,261,400	+2,419,640

NEED FOR INCREASE IN FISCAL YEAR 1972

Mrs. HANSEN. You have requested an increase to maintain full employment of authorized positions and other minor increases.

Please explain the reqiurement for this increase?

Mrs. FARRINGTON. Well, Madam Chairman, that increase, I think, is $39,000 which would make it possible for us to fill our 32 authorized positions, which we couldn't do this year.

TYPE OF POSITIONS

Mrs. HANSEN. What are these positions?

Mrs. FARRINGTON. Well, we have these 32 positions, we have the director at the present time and an assistant director of Pacific affairs, Virgin Islands and legislative affairs office, administrative officer, chief of programing and financial planning and management, Pacific area specialist, program and financial management officer.

That is seven, and the rest are clerks, I guess. It is just a skeleton staff.

Mrs. HANSEN. How many employees do you presently have?

Mrs. FARRINGTON. I think it is 31.

That extra one we want so badly is to follow the supervision of the financial management that we haven't been able to do. That is what we would like to do.

Mrs. HANSEN. How many dollars do you oversee in the Office of Territories?

Mr. HEELR. I would say close to $100 million.

Mrs. HANSEN. What is your estimate of the cost in fiscal year 1972 of the proposed postage rate increase?

Mr. HELLER. The estimated cost of fiscal year 1972 for the proposed postage rate increase is $9,000 for all activities under the jurisdiction of the Office of Territories.

VIRGIN ISLANDS

Mrs. HANSEN. Please insert pages 7 through 9 of the justifications in the record at this point.

(Pages 7 through 9 of the justification follow.)

1. VIRGIN ISLANDS

(a) Governor's Office: Fiscal year 1971, $44,000; fiscal year 1972, $ -0-; decrease, $44,000. The decrease consists of:

	Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
1.	-$44,000	-6	-0-	-0-	Federal financing no longer required due to passage of P.L. 90-496.
	-$44,000	-6			

(in thousands of dollars)

	1970	1971	1972	Decrease
Funded by BA	-	44	-0-	-44
Funded by unobligated carryovers	119	25	-0-	-25
Total program requirement	119	69	-0-	-69

The FY 1971 program of $69,271 is financed by $44,000 in new funds, and the balance of $25,271 from FY 1970 carryover savings. The 1971 estimate for this activity covers operating costs for only about one-half of the fiscal year. Due to passage of the Virgin Islands Elective Governor's Act, P.L. 90-496, approved August 23, 1968, the first election was held November 3, 1970. The elected Governor assumed office on the first Monday of January 1971, and Federal responsibility for financing this activity ceased.

No Federal funds will be requested for this activity in FY 1972, and succeeding fiscal years, since the Government of the Virgin Islands will be responsible for the financing.

(b) Comptroller's Office: Fiscal year 1971, $367,000; fiscal year 1972, $437,360 increase, $70,360. The increase consists of:

	Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
1.	+$70,360	+2	$495,000	22	$437,360 new funds requested; $57,640 balance financed from prior year savings.
	+$70,360	+2			

	1970	1971	1972	Increase
Funded by Transfer Authority	229	367	437	+ 70
Funded by unobligated carryovers	-	36	58	+ 22
Total program requirement	229	403	495	+ 92
Full-time permanent positions authorized	20	20	22	

Cost Factors Involved in Increases

1. Approximately $40,000 is required to fund two new positions; $33,000 to fund fully the remaining 20 positions; $6,000 for travel and per diem for new employees recruited; $10,000 for transportation of household effects for new and returning employees; $3,000 for replacement of 2 vehicles, offset by a reduction of $22,000 from unobligated carryover.

Need for Increase

Public Law 90-496 provided that expenses of the Office of the Government Comptroller for the Virgin Islands shall be paid from funds transferred from the permanent appropriation, "Internal Revenue Collections for Virgin Islands."

The current year program of $402,600 provides funds to enable the Comptroller to fill all positions to bring the staff up to the full complement of 20 authorized permanent positions by the close of FY 1971.

This includes funding for the pay costs and the 5% Cost of Living Allowance that was restored to the Virgin Islands effective July 12, 1970. In addition, salaries are budgeted for positions in the 510 series at GS-12, 13 and 14 levels to include an increase of 5 steps, in anticipation of approval by the U. S. Civil Service Commission of recommendation made by the Department of the Interior.

The total estimated program for 1972 is $495,000 of which $437,360 is required in new transfer authority and the balance of $57,640 will be financed by unobligated carryover. This is an increase of $92,400 over the current 1971 program. The bulk of the increase, approximately $73,000, is required for Personnel Compensation and Benefits to fund the 20 positions on a full year's basis, including the 5% COLA and 5-step increase for 510 series auditor positions at the GS-12, 13 and 14 levels, and provide for 2 additional auditors in the budget year to bring total staff up to 22 authorized permanent positions. A recent review of the audit backlog indicated a need for 25 man-years of direct audit time to bring the program up to date; since that time, this backlog has increased and will continue to do so until staffing requirements are met.

The balance of the increase will provide for the travel costs of new employees and their dependents, including transportation and storage of household effects, purchase of 3 new office machines, procurement of 2 new passenger vehicles to replace the two 1966 models presently being used, and rising costs for utilities, including telephone.

Program of Work

The Comptroller of the Virgin Islands audit activities shall be directed so as to (1) improve the efficiency and economy of programs of the government of the Virgin Islands, and (2) discharge the responsibility incumbent upon the Congress to insure that the substantial Federal revenues which are covered into the treasury of the Government of the Virgin Islands are properly accounted for and audited.

INCREASE FOR COMPTROLLER'S OFFICE

Mrs. HANSEN. An increase of $70,360 and two additional positions is requested for the comptroller's office, Virgin Islands.

Please justify this requested increase.

Mrs. FARRINGTON. Can you help me out on that, Mr. Dunn?

Mr. DUNN. This is funded through the continuing appropriation out of the matching funds, Internal Revenue collections.

BACKLOG OF AUDIT WORK

There was a survey done and it has been estimated that there are 25 man-years of audit work required.

Mrs. HANSEN. Is that the backlog?

Mr. DUNN. Right; so this would bring into the staff 22 positions.

VIRGIN ISLANDS GOVERNMENT FINANCIAL MANAGEMENT PROBLEM

There are certain things that haven't been done. As you are probably aware, their financial management position is in bad shape.

Mrs. HANSEN. Go into the details on this for us, please.

Mr. DUNN. Well, for instance they haven't reconciled their bank account for about 3 years.

Mrs. HANSEN. You mean the Virgin Islands' government?

Mr. DUNN. Right. They have a very poor control——

Mr. MCDADE. What do you mean by that?

Mr. DUNN. They don't know how much cash they have. Things of that nature.

Mr. MCDADE. In 3 years.

Mr. DUNN. Yes.

Mr. WYATT. How much are they missing?

Mr. DUNN. We don't know if they are missing anything.

Mr. MCDADE. You have the audit function, don't you?

Mr. DUNN. The comptroller now has made a proposal to the Governor that he will—rather than merely audit and turn in reports on discrepancies, he will actually assist the Virgin Islands finance office and help them reconcile the bank accounts.

Mrs. HANSEN. Is this going to be continuing until the bank accounts are reconciled?

Mr. DUNN. Right.

POSSIBLE MATCHING FUNDS SHORTAGES

In fact, there is some indication they haven't received all of the matching funds they are entitled to because of poor bank account records.

DETAILED AUDIT BY COMPTROLLER

Mrs. HANSEN. How long is it going to take to do that audit?

Mr. DUNN. This is a good question. The Comptroller is confident that by getting in there and actually showing them how to do these individual tasks rather than just pointing out discrepancies, he will be able to alleviate the problem and by doing more training he will be able to teach some of the local Virgin Islanders to reconcile the bank accounts.

Mrs. HANSEN. Is he going to do a recapitulation of what has happened so that you know where this money has gone?

Mr. DUNN. Hopefully, yes. I don't know the technicalities of it.

Mrs. HANSEN. Please insert in the record a detailed outline of his proposals.

Mr. DUNN. I will submit this for the record.

(The information follows:)

THE VIRGIN ISLANDS OF THE UNITED STATES
Office of the Governor
Charlotte Amalie, St. Thomas

January 27, 1971

Mr. Howard L. Ross
Comptroller of the Virgin Islands
P. O. Box 892
Charlotte Amalie
St. Thomas, Virgin Islands

Dear Mr. Ross:

I believe that our meeting on Thursday, January 14, 1971 was a big step in the right direction, and we should meet again, from time to time, to try to agree on several guidelines that might minimize the unpleasant situations that may have developed in the past and to try to agree on ways and means by which your office can continue to meet its responsibilities with due respect to the efforts being made in our financial record-keeping and reporting, during this period of my incumbency in office, since July 1, 1969.

Your office is very much aware of our serious shortage of trained and experienced employees for some of our more important work, and we appreciate your offer to help us (at the Department of Finance, particularly) in trying to improve and bring this work up to date.

The Commissioner of Finance shares our concern with respect to the importance of the bank reconcillation work--and we would appreciate any assistance your office can give us in resolving this problem. The Commissioner of Finance has also stated that in his opinion many of the delays in payment of our government bills and other deficiencies in our business operations of the government should be corrected if our accounting systems and procedures are reviewed and modified--for this is essential to any system and it has never been done with the present one.

We would appreciate it if you could assign one or more employees to assist the Department of Finance with this work. The Commissioner of Finance has told me that the situation with respect to the Accounts Receivables obviously needs to be improved, but it is not as bad as it appears and although he will want to receive your recommendations about this, it does not merit the same priority as the bank reconciliation and review of our accounting system (particularly the procedures for procurement of services and supplies and our payment of bills).

Sincerely,

Melvin H. Evans, M. D.
Governor

OFFICE OF
THE COMPTROLLER

COMPTROLLER OF THE VIRGIN ISLANDS
P.O. Box 892
Charlotte Amalie
St. Thomas, Virgin Islands

VI - ACCOUNTING 3 INTERNAL AUDIT PROGRAM

February 1, 1971

Honorable Melvin H. Evans
Governor of the Virgin Islands
St. Thomas, Virgin Islands 00801

Dear Governor Evans:

We have your letter of January 27, 1971 and will give immediate assistance in special problem areas in the Department of Finance in the order of priority suggested by Commissioner Wheatley.

We are assigning Mr. Harry G. Phipps C.P.A. to work with task force appointed by Commissioner Wheatley. Mr. Phipps is a Supervisory Auditor on our staff and came to us from Audit Operations in the Office of Survey and Review in the Department of Interior in Washington. He also had broad accounting and auditing experience in industry and public accounting. Recommendations made by Mr. Phipps will be reviewed by other members of our staff and should therefore be supported by a broad knowledge of accounting and considerable financial experience.

We reserve the right to substitute other members of our staff on this assignment especially when they have had more exposure to the problem areas being analyzed. We also propose to bring to the attention of the task force any serious deficiencies that come to our attention during the course of our normal audit work. If recommendations for correction of such deficiencies can be made without considerable study, such recommendations will also be given to the task force promptly after a brief review in our office.

We point out that our assistance will be limited to problem analysis and recommendations. The Commissioner of Finance will necessarily have to take full responsibility for implementation and operation of the suggested procedures. We expect no credit for any improvements and would be most pleased to be able to publicly report accomplishments and progress rather than be critical of deficiencies.

We look forward to working with you in this manner and trust that you will find ways to assure maximum cooperation from all Government employees involved, in order that we may efficiently use the time devoted to this effort.

We are most pleased to learn that representatives of GSA are currently reviewing policies, procedures and practices of the Department of Property and Procurement. As we have pointed out in the past, this is an area where large amounts of money are being lost. We hope that the recommendations of GSA as well as those in our reports will be given serious attention for prompt corrective action.

Sincerely,

H. L. Ross
Comptroller

cc: Commissioner Wheatley
Mrs. Farrington
Mr. J. T. Hall, Jr.

Mr. YATES. Off the record.

(Discussion off the record.)

Mrs. FARRINGTON. We really are studying the problem and we don't know what the election of the Governor does. We really don't know.

FINANCIAL CONTROL

Mrs. HANSEN. What was the responsibilities of your office before the Governor of the Virgin Islands was elected?

Mr. HELLER. The change in the governorship which resulted in 1968 did this one thing: It took away from both of these territories a Federal official who acted as Governor. From now on the Governors are elected by the local populace. So there is no Federal official reporting to the Federal Government.

Now, what they did presumably as a quid pro quo, they put in the area a Federal comptroller who does report to the Secretary of the Interior. He does the audits and makes recommendations to the Governor, to the Secretary of Interior, who has no control, actually no authority over the Governor. He can use moral persuasion, as far as I can see.

Mr. YATES. Do we make funds available to the islands?

Mr. HELLER. On specific programs. There is no appropriation process except for the Guam rehabilitation program which is a special program. Both of these territories finance themselves through a provision in the Federal act called the Organic Act where the Federal income tax is imposed in these areas but the money is covered into the territory treasuries.

Mr. YATES. The U.S. Government doesn't make up any deficits?

ASSISTANCE TO TERRITORIES THROUGH FEDERAL AID LEGISLATION

Mr. HELLER. Interior does attempt to provide legislative service for these territories to see that they are part of the Federal aid programs. We do make a justification if we can.

Mr. YATES. Are there such things as Federal national parks?

Mr. DUNN. There is. For St. Johns.

Mr. YATES. The entire island?

Mr. DUNN. Most of it.

Mr. YATES. You mean everything except Canneel Bay?

Mr. DUNN. Essentially but there are other properties there.

Mr. HELLER. This was land purchased by Laurence Rockefeller and donated to the Federal Government.

Mrs. FARRINGTON. Although we don't make appropriations to the territories it is in lieu of the appropriations that they keep the Federal income tax and that is the question that hasn't been answered.

Mr. MCDADE. We always give them special concessions in the import laws that produces enormous revenue.

Mrs. FARRINGTON. Yes.

Mr. DUNN. In the Virgin Islands we also have the matching funds.

COMPTROLLER GENERAL'S REPORT

Mrs. HANSEN. I will insert in the record a summary of the report by the Comptroller General dated March 2, 1971, "Financial Management of Virgin Islands Government Needs Substantial Improvement."

(The report follows:)

COMPTROLLER GENERAL'S REPORT TO THE CONGRESS

FINANCIAL MANAGEMENT OF VIRGIN ISLANDS GOVERNMENT NEEDS SUBSTANTIAL IMPROVEMENTS
Department of the Interior B-114808

D I G E S T

WHY THE REVIEW WAS MADE

The Governor of the Virgin Islands requested the General Accounting Office (GAO) to appraise the adequacy of the accounting system and the related financial management controls within the Government of the Virgin Islands. The Governor said that a substantial Federal interest would be served by GAO's independent appraisal of those aspects of the system which GAO was in a position to review. GAO's review was concerned primarily with the controls over assets and with certain selected financial activities.

FINDINGS AND CONCLUSIONS

Principal Deficiencies

The Virgin Islands Government's control over its assets was inadequate.

--Accounting records did not provide reliable information on the amount of cash on deposit in banks. Errors made by the banks and by the government months, and even years, before had not been corrected. Bank reconciliation procedures provided no assurance that all checks paid by the banks were recorded properly in the records of the government. (See p. 7.)

--Accounts receivable records did not provide a reliable record of the amounts owed to the government. Many receivables remained unpaid for long periods, and little effort had been made to collect these receivables. (See p. 13.)

--No reliable record existed of the government's investment in land, buildings, and equipment because fixed asset records had not been maintained properly and because the required physical inventories had not been taken. (See p. 20.)

--Similarly, no reliable records existed of the government's investment in materials and supplies. (See p. 25.)

Other Deficiencies

--Some funds were overobligated; some obligations were not recorded; and some duplicate allotment records were being maintained.

--Many procurements were made without the benefit of competition. Waiving of the requirement for formal advertised bids was questionable in some cases.

--Internal audit activities were confined mainly to accounting and financial matters, and even in this area little emphasis was given to making audits where major problems existed.

RECOMMENDATIONS OR SUGGESTIONS

GAO is making various recommendations designed to establish and maintain control over the government's assets (see pp. 11, 18, 24, and 28), to improve the fund allotment procedures (see p. 32), to improve procurement practices (see p. 38), and to provide for more effective audit of government activities (see p. 42).

AGENCY ACTIONS AND UNRESOLVED ISSUES

A draft of this report was sent to the Governor and to the Secretary of the Interior for comment on September 30, 1970. GAO requested their comments on the draft within 30 days. No comments have been received so the report is being issued without their comments.

MATTERS FOR CONSIDERATION BY THE CONGRESS

This report is being issued to the Congress because (1) the Virgin Islands Government has inadequate control over its assets and (2) the Governor, in his letter asking GAO to undertake this assignment, requested that the report on the results of the examination be handled in accordance with the requirements applicable to GAO examinations of the activities of the Government Comptroller of the Virgin Islands. GAO reports on the activities of the Government Comptroller are required to be sent to the Congress.

AUDIT PROGRAMS IN GUAM AND THE VIRGIN ISLANDS

Mr. STASKO. We do have an active audit program in both Guam and the Virgin Islands.

Mrs. HANSEN. I want to know how active it was from 1965 to 1968.

Mr. HELLER. The Virgin Islands comptroller was very active, I assure you. He did his audits and made his recommendations.

Mr. DUNN. The question was getting corrections.

Mrs. HANSEN. Whose fault was that?

Mr. DUNN. Well, I wasn't here at the time and I hate to throw darts.

CORRECTIVE MEASURES NOT ACCOMPLISHED

Mrs. HANSEN. Was it impossible to get this corrected under the former structure of the Virgin Islands Government?

Mr. STASKO. Yes, ma'am; I think it is the magnitude of the problem, really. When you are addressing yourself to the problems as large as the islands have in the way of financial management you are taking on a big project. You don't have the regular accounting practices we have here at home. It is almost like looking for a body that can do the job type of approach and it is very difficult. So I think the magnitude is our biggest problem.

FUNDS FOR ADDITIONAL STAFFING TO ALLEVIATE AUDITING PROBLEMS

Mrs. HANSEN. Are you confident, if you are provided the funds for the staffing, that you can do the auditing that is necessary?

Mrs. FARRINGTON. Yes; that has been our problem. If we had the staff we wouldn't have all of this trouble.

Mrs. HANSEN. Mrs. Farrington, why hasn't the budgetary request ever reflected the need for this increased auditing staff?

Mrs. FARRINGTON. I don't know why we didn't.

Mrs. HANSEN. Mr. Wiles, you may be able to answer that.

Mr. WILES. I can't answer as to amount. This money comes from internal revenue collections and imports from the United States. The fund for the comptroller is taken off the top of that and the whole balance goes to the Virgin Islands Government. So at this point it is their own money.

Mr. MCDADE. How much money?

Mr. WILES. Around $12½ million in internal revenue collections.

RECRUITING OF STAFF AUDITORS

Mr. WINN. Now, it is up to almost $17 million. Part of the problem has been recruiting people in the past. If they could keep the people down there that we have been able to get.

We asked for the money as fast as we could recruit the people and keep them down there. We have been much more successful in the last couple of years in finding people. It is a tremendous, terrific problem. I know myself I have gone through the files looking for competent people that could be employed down there. We are having much more success now in recruiting people. These two additional auditors we hope to recruit will help tremendously. This doesn't mean with 22

auditors down there that he will solve all the ills. But this will make a considerable dent in the problems that he had before. Because in this last year he has been able to fill four more of his positions than he has had before.

Mrs. HANSEN. Do you attribute this lag solely to the lack of ability to recruit?

Mr. WINN. Yes, ma'am.

Mrs. HANSEN. Will you please justify the need for two automobiles you propose to purchase for the Office of the Comptroller of the Virgin Islands?

Mr. WINN. The Comptroller has been authorized two vehicles for a considerable number of years to accomplish the audit mission in the Virgin Islands. These vehicles are used to transport the auditors between their office and the various activities being audited. The present vehicles are 5 years old and in due need of replacement. Maintenance costs have become exorbitant due to their age.

IMMIGRATION DIFFICULTIES

Mrs. HANSEN. You have a problem of increased immigration into the Virgin Islands. Is the problem increasing to the extent where it is going to be very troublesome?

ALIEN PROBLEM

Mrs. FARRINGTON. Well, from the short conversation I had with the Governor, I asked him about it just recently. He seems to think it has been improving. I don't think they are doing 100-percent crackdown on the aliens coming in.

Mrs. HANSEN. Where are they coming from?

Mrs. FARRINGTON. From all the outside islands out there, Trinidad and Barbados and around. No matter how low their wages are when they sneak in there and undercut the regular wage, they are so much better off than in their home island when they do it.

I saw the horrible slums they live in, where 10 men would sleep in a shack and work at night and 10 men would work at night and sleep in the day. Then they sneak their wives and children in and send every penny back to the island where they came from.

Mrs. HANSEN. If you don't do something about this problem now you are going to have an overwhelming problem in the future.

Mrs. FARRINGTON. Yes.

Mrs. HANSEN. Who are the immigrants employed by?

Mrs. FARRINGTON. The employers, the construction people and the hotels going up, they need workers very much. So there is no question about getting employment of any kind. The wives come in and work as household employees and at the hotels and at everything.

QUOTA SYSTEM

Mrs. HANSEN. Have they developed a quota system so they can supply the labor market and at the same time provide adequate housing?

Mr. DUNN. Last year the Labor Department came up with new guidelines in certifying immigrant aliens.

Previously a person was certified for one employer and if he lost that job he had 10 days to leave the island. Not that they would leave but this is the way the rules were set up. In fact the fellow was more of an indentured servant. If he lost the job he would say I will just fire this fellow and throw him off the island.

Now they have a certification for 6 months and a fellow can change employment. Besides that to get to the problem of limiting the number of immigrants, they require that an employer, or a prospective employer first certify that he has tried to get a U.S. citizen. If he can't get a local Virgin Islander he should get a Puerto Rican or continental U.S. citizen.

Mrs. HANSEN. Do the prospective employers make every effort to employ the local people?

HOUSING PROBLEM

Mr. DUNN. That is the problem. But supposedly the Immigration Department is controlling that down there and the Labor Department. To get at the housing problem, the prospective employer is supposed to, if he is granted permission, to bring in an alien, he is supposed to guarantee housing for him.

Mrs. HANSEN. Who enforces this, if the employer doesn't provide housing?

Mr. DUNN. Supposedly they put the fellow off the island. Also there is a requirement in this proposal that the housing can only cost a certain percentage of the man's wage. So they don't have him in there paying him 90 percent of his wages for housing. But there has been a lot of slippage. This recent newspaper article is a result of a drive started the 24th of February by the Immigration Service to get at this alien problem and they have been going to stores and door to door contacting aliens on the street to see if they have proper certification and the ones that haven't they have been asking to leave and if they won't go voluntarily they have been putting them off the island. They planned to round up about 1,000——

Mrs. HANSEN. Are most of those islands independent or do they belong to the Commonwealth?

Mr. DUNN. They have some sort of relationship with the Commonwealth.

Mrs. HANSEN. I think the regulations should be enforced so that those hotels and the industries are obliged to live within them.

DRIVE ON ILLEGAL ALIENS

Mr. DUNN. Well, they planned to show the extent of the problem in this 30-day drive. They were scheduled to reach 1,000 illegal aliens and in the first 9 days they already picked up 1,150. So they probably will get more like 3,000 or 4,000 if that rate keeps up.

Mrs. HANSEN. I would think the Virgin Islands, through the assistance of the United States has some jurisdictional oversight.

Mr. DUNN. Well, the Department of Naturalization is the one doing it with the help of the local police force.

Mrs. HANSEN. What about the labor unions in the Virgin Islands?

Mr. DUNN. The problem is one of the unions is complaining that they are putting the West Indians off the island.

Mrs. HANSEN. Why?

Mr. DUNN. Maybe because of the union dues.

Mrs. HANSEN. Thank you, Mrs. Farrington, for a very enlightening morning.

The committee will adjourn until 1 p.m.

MONDAY, MARCH 8, 1971

GUAM

WITNESSES

HON. CARLOS G. CAMACHO, GOVERNOR
GREGORIO C. SANCHEZ, COORDINATOR OF FEDERAL PROGRAMS
JOAQUIN C. GUERRERO, BUDGET DIRECTOR
FLORENCIO T. RAMIREZ, SPEAKER, 11TH GUAM LEGISLATURE
WON PAT, LEGISLATIVE REPRESENTATIVE

Mrs. HANSEN. The committee will come to order.

Governor Camacho, we are proud and happy to welcome you, the first elected Governor of Guam, to the House Appropriations Committee. It is a singular honor.

We are also delighted to welcome the speaker of the Legislature of Guam, Speaker Ramirez. It is an honor for us to have you present, Mr. Speaker. I have a feeling of kinship with your legislative members, because I served for many years in one of the State legislatures of this country. So this committee understands your problems and we are very pleased to have you here.

We are also pleased to welcome Mr. Sanchez, the coordinator of the Federal programs, and Mr. Guerrero, the budget director. I am sure my very distinguished colleague, the ranking minority member, Congressman McDade of Pennsylvania, will want to greet you also.

Mr. MCDADE. Thank you.

I want to echo the comments made by the chairman. We are delighted to welcome you in front of the committee and we look forward always to your visits and having you testify. We look forward to working with you as best we can.

Mr. WYATT. I would like to echo what already has been said. You are ably represented by Won Pat——

Mrs. HANSEN. Extremely.

I was going to give him a special introduction.

Mr. WYATT. We particularly appreciate the time and trouble you have taken to come as far as you have to be with us this afternoon. We will work with you in every way we can.

Mrs. HANSEN. May I say, Governor Camacho, I saved Mr. Pat until last. He has been an old friend to the Members of Congress for many years. He does an extremely able job. He is busy and capable. Won, it is a pleasure to welcome you back to the committee.

Mr. PAT. Thank you, Madam Chairman.

STATEMENT OF THE GOVERNOR

Mrs. HANSEN. Governor Camacho, please insert your statement in the record and summarize it for us.

(The statement follows:)

STATEMENT OF CARLOS G. CAMACHO, GOVERNOR OF GUAM

I extend to all cordial greetings from both myself and the people of Guam. It is my privilege to appear before you today to present the responsibilities, problems and financial needs of this relatively isolated American community, and to indicate some of the challenges that have accompanied what might fairly be described as unparalleled, rapid economic growth.

First Elected Governor

As this committee is aware, I now bear the honor of being the first democratically elected Governor of the Territory of Guam. This honor, and this step forward in our political autonomy, however, occurs at a time when unprecedented developments in the island's economy are threatening to strain to the utmost Guam's human, natural and financial resources. Our economy has grown over the past eight years at an accelerated annual rate of between 15% and 20%, as compared with a normal annual growth rate of between 5% and 10% for most developing areas.

Major Developments

With your permission, I shall review the major developments which have occurred on Guam during the past years, in order to furnish you with a balanced perspective against which our requests for federal aid may be fairly appraised.

Typhoon Karen - Aid to Territorial Growth

Reflecting on the advent of Typhoon Karen in November, 1962, it could be said that the destruction wrought by that typhoon proved to be a blessing in disguise. The typhoon literally swept away obsolete, rotted and termite-ridden public facilities, many of which had been inherited from World War II. The rehabilitation funds subsequently appropriated by the U. S. Congress to assist Guam recover from the typhoon's devastation were, however, destined to prepare Guam not only for speedy recovery, but for future events of even greater significance. Rehabilitation funds expended on the reconstruction of a new commercial port and an international air terminal came barely in time to provide Guam with the basic tools to cope with the onslaught of sudden economic expansion.

Lifting of Clearance Regulations

You may recall that a few months following Typhoon Karen in 1963, President John F. Kennedy abolished the Naval Security Clearance Regulations which, since World War II, had prohibited free access to Guam. This lifting of the clearance regulations rendered Guam open for the first time in her history to trade and traffic with the modern world. Up until the mid-1960's, Guam potentials as a tourist, trade and communications center had been totally unexplored.

Commercial Flights

The first tentative and experimental flights by Pan American Airways between Japan and Guam in May, 1967, to explore the potentials of traffic between the two islands, quickly demonstrated the existence of a natural economic relationship between Guam and the surrounding hinterlands of Southeast Asia. Since 1967, when flights were initiated on a bi-weekly basis, Pan American Airways has increased its services to Japan to ten round trips weekly, and Japan Air Lines in addition provides three round trips weekly. Trans World Airways, Air Micronesia, Continental Airlines, Japan Air Lines and Pan American Airways between them today provide an approximate total of 28 round trips weekly between the West Coast, Guam and numerous points in the Orient - which total does not include chartered or unscheduled flights to and from the surrounding islands.

It should be emphasized that these air carriers not only provide new passenger services between the West Coast, the Orient and Guam, but they also provide a vehicle for trade in commodities such as fresh meat, vegetables, flowers and other merchandise which can be economically airfreighted to Guam. Additionally, the potentials of commerce by air between Australia, Guam, and Tokyo, which are currently being explored by Ansett, Inc., of Australia, are as yet undetermined. But when such air routes are inaugurated, I predict that air traffic, trade and tourism on Guam will double in volume.

Need for Federal Financial Support

With free access to Guam now a reality, with the inevitable increase in population (the median age was recently computed at 14 years), and with increased demands for expanded government services, additional schools, improved power, water, sewer and highway systems, the Government of Guam is confronted with challenges it is not at this time capable of meeting without an infusion of considerable federal financial support.

Although present economic statistics and trends promise a more prosperous and stable future, the per capita income on Guam for the

year 1970 was computed at $2,495 (a misleadingly high figure since it includes the earnings of military personnel), as compared to the per capita income of $3,980 on the U. S. mainland. At the same time, the cost of living on Guam was estimated to be approximately 30% higher than the cost of living on the mainland. An upgrading of the peoples' earning capacity through improved education, and attempts to reduce the high cost of living on Guam, are goals which will not be achieved overnight. Meanwhile, during the immediate future, the Government of Guam is seriously handicapped in its ability to raise sufficient revenue in the form of taxes for capital improvements.

Problems Due to Guam's Economic Boom

The specific problems now confronting my administration as a result of Guam's economic boom involve expansion and improvements of the air terminal facilities, the drilling of wells for increased water supply, the installation of sewer systems to protect water supplies, the treatment of raw sewerage, and - of major importance - the training and education of Guam's citizens to equip them to cope with a changing economy, and to increase their earning capacity. These are the immediate needs for which I am requesting federal aid in this year's budget.

Other Major Problems

Other major problem areas include the need to improve Guam's telephone system, to build more highways, to establish a public transportation system, and to take more effective steps to bring competitive industry to Guam to stabilize the cost of living. Another critical problem area is the production of adequate electrical power. Residential, commercial and industrial demands upon our power output are increasing at compound rates, and are exhausting production capacity as soon as new plants are installed. Since electrical power is the spine of modern industry, it is particularly important that the local Guam Power Authority is successful in its bids to raise capital through the sale of bonds to finance power plant expansion. These, therefore, are but a few of the major problems confronting the Government of Guam which will require the investment of substantial sums of money.

Expansion of Airport Facilities

Because of the obvious and urgent need to expand our existing airport facilities, our budget request for fiscal year 1972 includes the sum of $638,000 which is proposed for the construction of a concourse between major terminal buildings. This covered link between the old and new terminal buildings is vital to provide a well-rounded terminal that will meet FAA standards under the revised Federal Airport Act.

Water Supply

Because of the steady increase in the island's population, villages are growing in size, and large residential centers are under construction in the northern sector of the island. Within the next two years, an additional two thousand homes will have been constructed and occupied on the northern plateau alone. Guam's present supply of water in this area is totally inadequate and will have to be increased by 1.2 million gallons per day to supply the new homes. This will require the drilling of six additional wells, the construction of a 500,000 gallon reservoir, and the installation of water lines at a total cost of $1,254,750. For this project we are requesting rehabilitation funds in the amount of $677,000 to cover 50% of the cost of construction. This sum is to be applied to a fifty/fifty matching grant which we hope to obtain from the Department of Housing and Urban Development.

New Sewerage Systems

To preserve the quality of well water in the northern sector of the island, new sewerage systems must be installed in the near future to serve the large residential centers. Meanwhile, the third largest village on Guam, Barrigada, which is still rapidly growing, has no modern sewerage system at all. The village is located in an area where heavy monsoon rains force raw sewage to the surface. For this immediate problem, which presents a serious health hazard, we are in need of $900,000 for the installation of a sewerage system - which amount is included in this budget request.

We are further requesting the sum of $675,000, which represents 45% of the cost of building a sewerage treatment plant in Agana. Construction of this plant is mandatory if Guam is to comply with federal law. The remaining portion of the cost of construction is to be supported by a federal water quality administration grant representing 55% of the total cost.

Education

Long range attempts to increase Guam's earning capacity and raise the island's per capita income will lean heavily upon the success of our educational system. My administration places great emphasis on vocational and technical training for both young and adult Guamanians. Our foremost objectives are to place Guamanians in jobs presently held by aliens, to stop the flow of dollars earned by aliens into foreign countries, and to prepare high school graduates for immediate employment. In support of these goals, we are requesting federal funds totalling $232,000 -- which figure represents the cost of constructing additional vocational training facilities.

Need for Classrooms and Additional Schools

One of the most serious stumbling blocks to the success of education on Guam has been the language factor. In efforts to diminish this problem, legislation was enacted in 1970 requiring attendance at kindergarten classes. My administration is therefore faced with the task of providing classroom space for an estimated 3,000 children by 1973. Since local revenues are inadequate to finance the construction of these classrooms, our budget request today includes the sum of $1,265,000 to build 26 classrooms.

The predicted student enrollment for the 1973-74 school year indicates the need to construct two new schools - a junior high school at Yigo in the northern half of the island at a cost of $2,516,000, and a new elementary school, estimated to cost $1,964,000. Junior high school students are expected to number 5,800 by 1973, as compared to a total number of 4,674 this current school year. Students at the elementary levels are expected to number 16,125 by 1973, as compared to the present number of 13,800. Eighteen elementary classrooms, in addition to the new elementary school, must also be constructed at a cost of $744,000.

Closing Comments on Status of Guam's Economy

By the way of final comments on the status of Guam's economy, it is of interest to note that since 1964, three major banks have established business on Guam, including the Bank of Hawaii, the First National City Bank and the First Hawaiian. Moreover, by 1972, Guam will have 16 hotels and lodges, sharing an approximate total of 1,537 rooms. These hotels, together with new businesses and industries which have come to Guam, are already exhausting the island's capacity to furnish power and telephone services. The many thousands of tourists, and the increased resident population have underscored Guam's lack of a public transportation system. The increased number of vehicles on the highways, and the bottlenecks of traffic point to the inadequacy of our highway system.

If new industry on Guam is not to be frustrated and strangulated at the outset by our inability to provide the necessary utilities and services, we must rely upon adequate federal financial support during the next few years. If the members of this committee are to witness the day when Guam's own resources are capable of supporting her capital improvements, initial investments in the form of increased rehabilitation funds must continue to provide the island with the essential public facilities. It should be borne in mind, perhaps, that we are not asking for outright grants to finance our capital improvements projects, and

that approximately 60% of all monies appropriated as rehabilitation funds will later be reimbursed. Guam has, to date, already repaid the federal government the sum of $3,237,684, including principal and interest.

Guam sincerely looks towards the future when her economy, weaned of its former dependence on the military, will be relatively self-sustaining and sufficient. Given the necessary financial and moral support by the federal government at this crucial stage in her development, Guam has reason to be optimistic. On the other hand, failure to obtain the capital necessary to provide a sound island infrastructure will frustrate commerce and doom Guam to prolonged economic dependence.

I would like to introduce Mr. Gregorio Sanchez, our new federal coordinator, who will assist me in furnishing you with more detailed information upon your request.

Hafa Adai and Si Yuus Maase.

Thank you very much.

Governor CAMACHO. Madam Chairman, members of the committee, I extend to you greetings from both myself and from the people of Guam who wish, as we express back home, hafa adai, and we appreciate your continued interest in the island's affairs.

By way of introducing myself, I am the first elected Governor of Guam, and as you recall, I was previously appointed Governor of Guam by President Nixon. Thus, I appeared last year.

In review of the statistics issued by our local department of commerce, we are convinced that Guam is embarked on a period of economic growth.

ECONOMIC DEVELOPMENT

According to the statistics, Guam's economy has grown over the last several years at an annual rate of 15 percent to 20 percent as compared to the normal growth rates of 5 to 10 percent for most developing areas.

The rapid economic expansion which you all are aware of requires investment of large amounts of money, merely to enable the government to keep abreast of demands on public services.

The government of Guam faces unprecedented demands for the construction of new public facilities. These demands have been triggered by the sudden development of tourism, service industries and commerce.

Guam's hope for economic stability and independence in the future depends squarely upon expansion of her economic base. Yet, at the same time her inability to raise funds for capital improvement is threatening to slow down the pace of economic development.

Without a generous infusion of outside capital into Guam the economic potentials of the island could be frustrated. On the other hand, an investment by funds of the Federal Government to support capital improvements will set Guam on the way to economic self-sufficiency—a goal I am convinced you all desire to see achieved.

We feel it is thus in the interest of the Federal Government to assist Guam financially now so that the day will materialize when the island is no longer dependent on the Federal Government for continuous financial support.

FISCAL YEAR 1972 BUDGET

This year we are requesting a total budget of $9.6 million.

EDUCATIONAL FACILITIES

For educational facilities alone we need $6.7 million to keep abreast of the increased population and student enrollment. Approximately 20 percent of these students are the children of military families.

To cope with enrollment in the 1973–74 school year, we need to build a junior high school at the northern end of the island, at Yigo, where population growth is greatest, and where presently there is no junior high school. The total cost of this will be $2.5 million.

We also need to construct an elementary school at Yigo, adjacent to Andersen Air Force Base, and adjacent to Dededo, the fastest growing suburb on the island. The cost of that will be $1.96 million.

The construction of 26 kindergarten classrooms is essential to the school system to provide youngsters with the basic knowledge of the English language before they enter school. Kindergarten classrooms will cost $1.3 million.

Additional elementary classrooms, 18 in all, plus construction of facilities for the vocational technical high school, must also be provided at a cost of $0.98 million.

These are the basic essentials for a school system if we are to maintain required standards and successfully educate our children.

WATER SYSTEMS

Developments in the northern part of the island require expansion of the water system. Island populations cannot increase without the provision of immediate additional supplies of potable water. A new reservoir, wells and pipelines will be necessary to serve a new housing area of 2,000 homes.

The total cost of this water system is estimated at $1.25 million, of which amount we are requesting 50 percent, which amounts to $677,000 in rehabilitation funds.

SEWER SYSTEM

On of our largest villages, Barrigada, has no adequate sewer system. The village is located on clay soil, and during the rainy season sewage floats to the surface. This calls for the installation of a sewerage system in the immediate future to protect public health. The cost of this project is around $900,000.

Mrs. HANSEN. What is the population of that village?

Governor CAMACHO. That is approximately 7,000 people.

SEWER TREATMENT PLANT

W also are contemplating the construction of an Agana sewer treatment plant at a cost of $1.5 million, and this is considered top priority by the Guam Water Pollution Commission to maintain water quality standards.

The plant is necessary in order for Guam to continue to receive Federal grants for water and sewer projects.

At a time when tourists are visiting Guam from all points of the Pacific, water pollution must be guarded to prevent potential threat of disease. For this project we are requesting 45 percent of the total cost of rehabilitation funds, which will amount to $675,000.

POLLUTION ABATEMENT AND ENVIRONMENTAL PROTECTION

Mrs. HANSEN. Place in the record, a statement showing the amount of funds in your fiscal year 1972 estimate, for pollution abatement and environmental protection.

(The information follows:)

DEPARTMENT OF THE INTERIOR, OFFICE OF TERRITORIES BUREAU—ACTIVITIES IN POLLUTION ABATEMENT AND ENVIRONMENTAL PROTECTION

[In thousands of dollars]

Description of project or activity	Location	Estimate fiscal year 1972
Construction:		
Agana sewer treatment plant	Guam	$675
Water program	do	677
Sewer program	do	450
Do	do	450
Total		2,252

AIRPORT FACILITIES

Governor CAMACHO. Considerable increase in our air traffic through Guam has necessitated the complete and basic replanning and construction of our airport facilities. For this program year we are requesting $638,000.

The construction of a concourse is required to meet Federal Aviation Administration standards under the Federal Airport Act.

STATUS OF LOANS AND REPAYMENTS

It should be remembered that we are not asking for outright grants to finance the capital improvement projects. In fact, approximately 60 percent of all funds appropriated for rehabilitation purposes will later be reimbursed with interest.

Guam has already repaid the Federal Government the sum of $3,237,684, of which $2,491,633 was in interest and $746,051 was for principal.

We look toward the future when our economy, weaned of its former dependence on the military and upon Federal support, will be relatively self-sustaining and sufficient. Given the financial support by the Federal Government at this crucial stage in her development, Guam has reason to be optimistic.

On the other hand, failure to obtain the capital necessary to provide a sound island infrastructure will frustrate commerce and doom Guam to prolonged economic dependence.

Thank you very much.

Mrs. HANSEN. Thank you, Governor.

STATEMENT OF SPEAKER RAMIREZ

Speaker Ramirez, do you have any comments to make at this time?

Mr. RAMIREZ. Yes, Madam Chairman. I have a brief comment. I don't want to duplicate what the Governor has said. I also have a prepared statement that I would like to give to the committee.

Mrs. HANSEN. Please do.

(Speaker Ramirez' statement follows:)

STATEMENT BEFORE HOUSE SUB-COMMITTEE

ON APPROPRIATIONS

March 8, 1971

My name is Florencio T. Ramirez, Speaker of the Eleventh Guam Legislature. I am honored yet humbled by my appearance before you today. Honored because, as a long time chairman of the Legislature's Finance & Taxation Committee, I feel privileged to be on the other side of the hearing table submitting testimony to such a distinguished group as my counterparts in the United States House. Likewise, I am humble because I know only too well how the Appropriations Committee can strike fear in the hearts of executive agency heads. So, I hope you will not be too hard on one of your Finance Committee brothers.

You have heard the statement of our honorable Governor, who I am sure you know is a member of the opposite party and as such, does not always see eye to eye with the majority party of the Eleventh Guam Legislature. But I want to say at the outset, that I could not agree with Governor Camacho more in his very accurate description of the problems which face our Territory today and in the immediate future. He is a good chief executive and he has utilized the expertise of his Federal Coordinator, Mr. Cregerio Sanchez, to the fullest in preparing this request for financial assistance under the provisions of the Organic Act.

I do not wish to duplicate any of the points which the Governor and his coordinator have so aptly made. I would like, however, to comment briefly in a general manner on the make-up of the eight appropriations requests which are before you for Fiscal Year 1972.

You will note four projects are in the realm of education; three are in the area of water pollution control and one in the nature of air transportation. Each of these three broad categories represents a very major problem category on Guam today.

Let's take education first. I am sure you are aware of the unique population make-up of Guam. Perhaps no other territory or state, wherever the U.S. Flag flies, has a population ratio of sixty percent native and forty percent U.S. military personnel and dependents. Yet, I would venture a guess that in few of these areas are the relations between military and civilian people so integrated and harmonious. Our school system is an excellent example of this relationship. The visitors section of our legislative hall has been packed from time to time with students

of all ages, both Guamanians and Statesiders, who have taken an increasingly greater interest in the affairs of our Government. Our classrooms and extra curricula activities are a blend of stateside and island knowledge and culture contributed by both teachers and students. Even our athletic playfields show an increasing Americanization. For example, the Navy and the Air Force have made available their football fields for a Guam Football Conference. Five teams from the two high schools participate. The first two years saw the teams from the military bases dominate the league. But this year, as Guamanian boys developed in the sport, the two high school teams which had mostly local boys on them, managed to lead the conference. Likewise, the military bases began a swimming team program and graciously invited the local boys and girls to participate. Now, Guamanians have for generations had a fear of the water even though we are an island in the middle of the vast Pacific. But this is disappearing and more Guamanian youths are learning to swim and some are swimming pretty fast already.

These are only a few examples of the top priority we have given to education. With the help of Federal money and the expertise of stateside personnel for whose services we are able to contract, we have spared no effort to provide the very best in education for our own children and those of the many military people stationed on our strategic island. But, like many other parts of the United States, we are also experiencing a population explosion. We graduate 1000 in June and enroll 2000 in September. I don't see how we can ever replace the many temporary classrooms we are now using. That is why by far the major portion of our request is allocated to expanding the educational facilities to handle the increasing number of students in our system. And, even at that, it will only relieve a small segment of the overall problem.

On the other portion of our financial needs--it is ironic yet appropriate that when I left Guam we were in the middle of Guam Water Pollution Control Week. As Speaker of the Legislature, I supported this program 100 percent. One of the last acts of the Legislature before it recessed two weeks ago, was to adopt a resolution supporting this very worthy activity. The people of Guam are becoming more aware of the importance of clean water. It effects the health of everyone and is also the lifeblood of our growing tourist and vacation business. If our 75 miles of beautiful shoreline and beaches become polluted, as some of them in the congested areas around our capitol are already, we will never realize the full potential of this recreation business. We will then be dependent on the Federal Government to a greater degree instead of decreasing the amount of Federal dollars we must now request.

So, you can see why I support so vigorously the three water and sewage projects which are contained in our 1972 proposal.

As for the airline terminal project, I think the fact that Guam is an island far removed from most points of manufacturing and agricultural production, speaks for the critical need of additional terminal facilities.

As the Governor pointed out, Guam is only beginning to tap the potential of air service. More and more passengers are flying in from all directions forcing the development of new hotels, restaurants and recreational facilities. This is good for our economy. But it also forces population growth as immigrant workers are brought in, additional military personnel arrive, new contract employees are brought in to service this increasing economy and of course, the normal expansion of the native-born population. More and more of the necessities of life must be flown in. This will be necessary until that day when Guam can produce and manufacture its own needs. Air transportation has been both a boon and a burden to our progress. But we can remove the burden, with the help of Federal money.

In conclusion, Madam Chairman, I would like to say that the Eleventh Guam Legislature, under the guidance of our hard-working Finance and Taxation Committee, has made recommendations for projects under the Guam Rehabilitation Act. We have studied and analyzed the project proposals submitted by the Governor through his Federal Programs Coordinator, and I am happy to say that the Legislature concurs completely with this request for Fiscal Year 1972. I am submitting for the record a copy of Resolution No. 135, adopted on February 23, 1971, which expresses this concurrence.

As a parting note, I would like to inform you that not only has the Government of Guam made history with the first popular election of its Governor in twenty years under the Organic Act, but the Legislature has changed its mode of operation as well. To keep pace with the multitude of bills and resolutions introduced during a session and to better cope with the many problems which arise from day to day, Bill No. 1 was enacted, making it possible for the Legislature to determine by itself when it shall adjourn. In the past we were limited by law to two thirty day sessions. This system has been clearly outmoded. We now find that we need to stay in almost continous session, with periodic recesses, of course, in order to assist the executive branch in administering the affairs of our tight little island. You know, Madam Chairman, the Government of Guam is concerned with International, Federal, State and Municipal problems. The Legislature in one day might cope with an alien worker law, a multi-million dollar bond issue, a new hospital site, an addition to an elementary school and drainage culvert under one of our shoreline roads.

To this wide range of governmental activities we are dedicated to serve. We do not care how much time it takes from our daily lives. That is our duty. And with help from the Congress, at this time in our expansion progress, we will perform that duty. I wish to add the appreciation of the Eleventh Guam Legislature to that of the Governor for hearing us today. The people of Guam are now, and always will be, grateful to the Congress for enacting Public Law 170 and showing it your sincere consideration in the ensuing years.

"Thank you for your consideration."

Mr. RAMIREZ. Mr. Chairman and members of the committee. My name is Florencio T. Ramirez, speaker of the 11th Guam Legislature. I am honored yet humbled for my appearance before you today. Honored, because as the long-time chairman of the Finance Committee I feel privileged to be on the other side of the hearing table submitting testimony to such a distinguished group as my counterparts of the U.S. Legislature.

I know how you can strike fear in the hearts of executive agency heads. So, I hope you will not be too hard on one of your Finance Committee brothers.

You have heard the statement of our honorable Governor, who I am sure you know is a member of the opposite party and as such, does not always see eye to eye with the majority party of the 11th Guam Legislature. But I want to say at the outset, that I could not agree with Governor Camacho more in his very accurate descriptions of the problems which face our territory today and in the immediate future. He is a good chief executive and he has utilized the expertise of his Federal Coordinator, Gregorio Sanchez, to the fullest in preparing this request for financial assistance under the provisions of the Organic Act.

I do not wish to duplicate any of the points which the Governor and his coordinator have so aptly made. I would like, however, to comment briefly in a general manner on the makeup of the eight appropriations requests which are before you for fiscal year 1972.

You will note four projects are in the realm of education; three are in the area of water pollution control and one in the nature of air transportation. Each of these three broad categories represents a very major problem category on Guam today.

EDUCATION

Let's take education first. I am sure you are aware of the unique population makeup of Guam. Perhaps no other territory or State, wherever the U.S. flag flies, has a population ratio of 70 percent native and 30 percent U.S. military personnel and dependents. Yet, I would venture a guess that in few of these areas are the relations between military and civilian people so integrated and harmonious. Our school system is an excellent example of this relationship. The visitors section of our legislative hall has been packed from time to time with students of all ages, both Guamaniams and statesiders, who have taken an increasingly greater interest in the affairs of our Government. Our classrooms and extracurricular activities are a blend of stateside and island knowledge and culture contributed by both teachers and students. Even our athletic playfields show an increasing Americanization.

For example, the Navy and the Air Force have made available their football fields for a Guam football conference. Five teams from the two high schools participate. The first 2 years saw the teams from the military bases dominate the league. But this year, as Guamanian boys developed in the sport, the two high school teams which had mostly local boys on them, managed to lead the conference.

Likewise, the military bases began a swimming team program and graciously invited the local boys and girls to participate. Now, Guamanians have for generations had a fear of the water even though

we are an island in the middle of the vast Pacific. But this is disappearing and more Guamanian youths are learning to swim and some are swimming pretty fast already.

These are only a few examples of the top priority we have given to education. With the help of Federal money and the expertise of stateside personnel for whose services we are able to contract, we have spared no effort to provide the very best in education for our own children and those of the many military people stationed on our strategic island. But, like many other parts of the United States, we are also experiencing a population explosion. We graduated 1,000 in June and enroll 2,000 in September. I don't see how we can ever replace the many temporary classrooms we are now using. That is why by far the major portion of our request is allocated to expanding the educational facilities to handle the increasing number of students in our system. And, even at that, it will only relieve a small segment of the overall problem.

WATER POLLUTION

On the other portion of our financial needs—it is ironic yet appropriate that when I left Guam we were in the middle of Guam Water Pollution Control Week. As speaker of the legislature, I supported this 100 percent. One of the last acts of the legislature before it recessed 2 weeks ago, was to adopt a resolution supporting this very worthy activity. The people of Guam are becoming more aware of the importance of clean water. It affects the health of everyone and is also the lifeblood of our growing tourist and vacation business. If our 75 miles of beautiful shoreline and beaches become polluted, as some of them in the congested areas around our capital are already, we will never realize the full potential of this recreation business. We will then be dependent on the Federal Government to a greater degree instead of decreasing the amount of Federal dollars we must now request.

So, you can see why I support so vigorously the three water and sewage projects which are contained in our 1972 proposal.

AIRPORT TERMINAL PROJECT

As for the airline terminal project, I think the fact that Guam is an island far removed from most points of manufacturing and agricultural production, speaks for the critical need of additional terminal facilities. As the Governor pointed out, Guam is only beginning to tap the potential of air service. More and more passengers are flying in from all directions, forcing the development of new hotels, restaurants, and recreational facilities. This is good for our economy. But it also forces population growth as immigrant workers are brought in, additional military personnel arrive, new contract employees are brought in to service this increasing economy and, of course, the normal expansion of the native-born population. More and more of the necessities of life must be flown in. This will be necessary until that day when Guam can produce and manufacture its own needs. Air transportation has been both a boon and a burden to our progress. But we can remove the burden, with the help of Federal money.

ELEVENTH GUAM LEGISLATURE

In conclusion, Madam Chairman, I would like to say that the Eleventh Guam Legislature, under the guidance of our hard-working Finance and Taxation Committee, has made recommendations for projects under the Guam Rehabilitation Act. We have studied and analyzed the project proposals submitted by the Governor through his Federal Programs Coordinator, and I am happy to say that the legislature concurs completely with this request for fiscal year 1972. I am submitting for the record a copy of Resolution 135, adopted on Feb. 23, 1971, which expresses this concurrence.

As a parting note, I would like to inform you that not only has the government of Guam made history with the first popular election of its Governor in 20 years under the Organic Act, but the legislature has changed its mode of operation as well. To keep pace with the multitude of bills and resolutions introduced during a session and to better cope with the many problems which arise from day to day, Bill No. 1 was enacted, making it possible for the legislature to determine by itself when it shall adjourn. In the past we were limited by law to two 30-day sessions. This system has been clearly outmoded. We now find that we need to stay in almost continuous session, with periodic recesses, of course, in order to assist the executive branch in administering the affairs of our tight little island. You know, Madam Chairman, the government of Guam is concerned with international, Federal, State, and municipal problems. The legislature in 1 day might cope with an alien worker law, a multimillion dollar bond issue, a new hospital site, an addition to an elementary school, and a drainage culvert under one of our shoreline roads.

To this wide range of governmental activities we are dedicated to serve. We do not care how much time it takes from our daily lives. That is our duty. And with help from the Congress, at this time in our expansion progress, we will perform that duty. I wish to add the appreciation of the 11th Guam Legislature to that of the Governor for hearing us today. The people of Guam are now, and always will be, grateful to the Congress for enacting Public Law 170 and showing it your sincere consideration in the ensuing years.

NUMBERS AND PAY OF LEGISLATORS

Thank you for your consideration.

Mrs. HANSEN. Thank you Mr. Speaker. I wish to compliment you and the Governor on excellent statements. How many members do you have in your legislature?

Mr. SANCHEZ. We have 21 members.

Mr. RAMIREZ. We have 21 members. The way we are set up right now we are going to recess when we want to recess and reconvene when we decide.

Mrs. HANSEN. What is the salary of the legislative members?

Mr. RAMIREZ. The pay for the legislature now is $6,000 per year.

JUSTIFICATION MATERIAL

Mrs. HANSEN. We will insert from pages 10 through 17 of the justifications at this point in the record.

(Pages 10 through 17 follow.)

2. GUAM

Federal facilities: Fiscal year 1971, $8,604,000; fiscal year 1972 $9,611,000; increase $1,007,000. The increase consist of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(a)- 55,000	-4	-0-	-0-	Governor's Office expenses under local funding as of 1/4/71
(b)+1,026,000	-	5,481,500	-	Rehabilitation projects (Loans)
(c)+ 36,000	-	4,129,500	-	Rehabilitation projects (Grants)
+1,007,000	-4	9,611,000	-0-	

(a) Governor's Office

FY 1971, $55,000; FY 1972, -0-. Decrease due to local funding of Governor's Office operation in accordance to PL 90-497 amending Section VI of the Guam Organic Act.

(b) Rehabilitation Projects

Loans - FY 1971	$4,455,500;	FY 1972	$5,481,500	Inc $1,026,000
Grants - FY 1971	4,093,500;	FY 1972	4,129,500	Inc 36,000
Totals	$8,549,000;		$9,611,000	$1,062,000

Funds requested will provide for continuation of the Guam Rehabilitation Program. The budget year program for fiscal year 1972 includes the following projects:

Projects	Loans	Grants	Total Estimate
Yigo Junior High School	$1,258,000	$1,258,000	$2,516,000
Elementary School Facilities	1,354,000	1,354,000	2,708,000
Kindergarten Classrooms	632,500	632,500	1,265,000
Vocational Technical School Add'n	116,000	116,000	232,000
Air Terminal Concourse	319,000	319,000	638,000
Northern Water System Addition	677,000	-0-	677,000
Agana Sewer Treatment Plant	675,000	-0-	675,000
Barrigada Sewer System	450,000	450,000	900,000
Total	$5,481,500	$4,129,500	$9,611,000

The detailed justification for Rehabilitation Program projects for fiscal year 1972 follows:

YIGO JUNIOR HIGH SCHOOL, $2,516,000

This project will provide an essential new junior high school of 33 classrooms for the 1974 school year when enrollment of junior high students is projected to be 5,801 students. At a pupil/teacher ratio of 26 to 1 a total of 223 classrooms will be required. One hundred ninety classrooms will be available in the 1973 school year and 33 classrooms will be needed to bring the available total for 1974 to 223. Two years will be required to design and construct the facility,

including funding in 1972 necessary to complete building for 1974 school year. A new school will be necessary as the present junior high schools cannot accommodate additional classrooms. The new school will include classrooms, library, cafeteria, gymnasium and administrative area.

Cost Factors

33 classrooms, 1,000 square feet each @ $31.00 per square foot		$1,023,000
Cafeteria and Kitchen, 6,926 square feet each @ $41.00 per square foot		284,000
Library and music room, 3,889 square feet each @ $36.00 per square foot		140,000
Administration building, health room and teachers' lounge, 2,436 square feet @ $39.00 per square foot		95,000
Gymnasium, 8,500 square feet @ $37.00 per square foot		314,500
Site development		78,885
Design and engineering		116,123
Contract administration and contingency		270,954
	Construction cost	$2,322,462
Equipment		193,538
	Total cost	$2,516,000

SUMMARY:

Labor	$1,161,231
Materials	928,985
Equipment	425,784
Total	$2,516,000

ELEMENTARY SCHOOL FACILITIES, $2,708,000

Additional classrooms totaling 52 are needed for the 1974 school year to provide space for 925 additional pupils expected that year and to replace 15 temporary classrooms. The 925 additional pupils expected in the 1974 school year will require 37 additional classrooms, using a 25 to 1 pupil/teacher ratio, and with a two-year construction period necessary construction will have to be funded in the 1972 fiscal year. Funds for an additional 37 rooms will provide a 34-classroom school with all related facilities, including library, cafeteria and administration building, and three separate classrooms which will be added to present school buildings. Guam is situated 13 degrees above the equator; the sun is extremely hot, especially in the wet season and the humidity is high. The schools are not airconditioned. These conditions make relatively small numbers of children per class a necessity in order to achieve the best output from the teacher. Accordingly, the Board of Education has set a 25 to 1 per pupil/teacher ratio.

The conditions mentioned make small temporary single classroom buildings unbearably hot for both children and teacher particularly since movement of air is limited and their elimination is a necessity to improve the quality of education. These temporary classrooms are small, are constructed of plywood including the floors which often break through when weakened, require frequent repair, and are a hazard in typhoons to nearby well-constructed school buildings - Fifteen of these will be left by the school year 1974 and the funds requested will provide for their replacement by permanent type classrooms which will be added to present buildings.

Cost Factors

ELEMENTARY SCHOOL

Administration building, teachers' lounge and health room, 1,861 square feet @ $39.00 per square foot		$ 72,579
Library and audio visual center, 2,728 square feet @ $36.00 per square foot		98,208
Cafeteria and Kitchen, 6,248 square feet @ $41.00 per square foot		256,168
34 elementary classrooms, 1,000 square feet @ $31.00 per square foot		1,054,000
Site improvements and utilities		29,814
Design and engineering		90,646
Contract administration and contingency		211,508
	Construction cost	$1,812,923
Equipment		151,077
	Total cost	$1,964,000

SUMMARY:

Labor	$ 906,462
Materials	725,169
Equipment	332,369
Total	$1,964,000

ADDITIONAL CLASSROOMS

18 elementary classrooms, 1,000 square feet each @ $31.00 per square foot		$ 558,000
Site utilities and improvements		14,400
Design and engineering		34,344
Contract administration and contingency		80,136
	Construction cost	$ 686,880
Equipment		57,120
	Total cost	$ 744,000

SUMMARY:

Labor	$ 343,440
Materials	274,752
Equipment	125,808
Total	$ 744,000

KINDERGARTEN CLASSROOMS, $1,265,000

This project is a continuation of the building program for the mandatory kindergarten program started in Guam in September 1970 and designed to aid children with Chamorro language background get greatly needed assistance in acquiring preparation in the English language. Approximately 3,000 children are expected in the 1974 school year requiring 75 classrooms at a ratio of 20 to 1 pupil/teacher ratio, with double session operation. With forty already funded a shortage of 35 classrooms will exist. However, with this program in its formative stage budget request is made for only twenty-six classrooms.

Cost Factors

26 kindergarten classrooms, 1,200 square feet each @ $31.00 per square foot		$ 967,200
Site utilities and improvements		5,616
Design and engineering		58,369
Contract administration and contingency		136,194
	Construction cost	$1,167,379
Equipment		97,621
	Total cost	$1,265,000

SUMMARY:

Labor	$ 583,690
Materials	466,952
Equipment	214,358
Total	$1,265,000

VOCATIONAL TECHNICAL HIGH SCHOOL ADDITION, $232,000

Urgent need for additional shop space at the Vocational Technical High School requires the construction of a shop building to provide expansion of training for local students who are learning manual skills with a view to replacing alien workers now on the island. This training program is considered to be top priority inasmuch as Guam now has 6,200 alien workers whose replacement by local workers would keep funds on Guam and improve the local economy.

Cost Factors

Butler building, 10,500 square feet @ $17.00 per square foot		$ 178,500
Design and engineering		10,710
Contract administration and contingency		24,900
	Construction cost	$ 214,110
Equipment		17,890
	Total cost	$ 232,000

SUMMARY:

Labor	$ 107,055
Materials	85,644
Equipment	39,301
Total	$ 232,000

AIR TERMINAL CONCOURSE, $638,000

This project will provide a covered link between the present air terminal building eventually to be used for inter-island travel and the new expandable terminal building to be used by international travelers. The first portion of the new building is now under construction with funds provided in the fiscal 1970 appropriation. This link is vital to provide a well-rounded terminal that will meet FAA standards under the revised Federal Airport Act.

Guam is the hub of farwestern Pacific air traffic and now has four airlines serving the island, with 17 to 25 flights daily. Interest has been exhibited by other airlines in coming to Guam. The first 747s are expected in the near future which will strain the present terminal facilities. These are inadequate for such

passenger loads.

The need for expansion of the terminal facilities is shown by the expansion in air passenger, cargo, and mail loads as shown below:

YEAR	PASSENGERS	CARGO (LBS)	MAIL (LBS)
1968	101,107	5,663,798	6,557,476
1969	161,877	7,282,533	6,733,062
1970	195,000 (est)	9,600,000 (est)	9,865,000 (est)
1971	235,000 (est)	11,640,000 (est)	11,525,000 (est)
1972	285,000 (est)	14,790,000 (est)	13,245,000 (est)
1976	535,000 (est)	25,200,000 (est)	20,780,000 (est)

A good many of these passengers are tourists with 34,741 visiting the island in 1969 contrasted to 4,500 in 1967, 18,081 in 1968, and a projected total of 250,000 in 1976. Tourism represents the best opportunity for Guam to become at least partially financially independent. Without terminal expansion these cannot be accommodated.

Cost Factors

Concrete floor, 39,000 square feet @ $2.60 per square foot	$ 101,400
Concrete street columns, 60 columns @ $ 1,250.00 each	75,000
Concrete roof structure, 39,000 square feet @ $7.50 per square foot	292,500
Site development	62,800
Design and engineering	31,900
Contract administration	74,400
Total cost	$ 638,000

SUMMARY:

Labor	$ 319,000
Materials	255,200
Equipment	63,800
Total	$ 638,000

NORTHERN WATER SYSTEM ADDITION, $677,000

The northern area of Guam is the fastest growing area in Guam and the demand for water is increasing at a very rapid rate. The Navy has started an 856 house subdivision, with 271 houses now under construction; a 1,000 house subdivision is underway in Dededo; a 300 house subdivision above Dededo and a similar size subdivision near the Andersen Air Force Base are in the serious planning stage. These developments, plus expected future expansion in the area make it mandatory that additional wells be drilled and water lines be installed to serve the people. The expected future growth will require a minimum of 1,200,000 additional gallons of water daily which can be produced by six wells. In addition, a half million gallon reservoir and approximately 12 miles of pipe are necessary.

Guam has received grants for water projects from the Department of Housing and Urban Development representing fifty percent of construction cost. Application is planned for a grant for this project and accordingly only $677,000 is included in the budget request.

Cost Factors

16,500 lineal feet of 8" water line @ $10.50 lineal foot	$ 173,250
43,100 lineal feet of 12" water line @ $14.00 lineal foot	603,400
6 wells @ $20,000 per well	120,000
500,000 gallon reservoir	108,550
Design and engineering	103,950
Contract administration and contingency	145,600
Construction cost	$1,254,750
Less grant	577,750
Budget request	$ 677,000

SUMMARY:

Labor	$ 501,860
Materials	627,325
Equipment	125,565
Total	$1,254,750

AGANA SEWAGE TREATMENT PLANT, $675,000

The construction of a sewage treatment plant in Agana is essential to comply with water quality standards adopted for Guam which prohibit dumping of untreated sewage into the ocean. Presently raw sewage from eight villages and the Naval Air Station in the central area is channeled through an outfall into the ocean at Agana, with three villages to be added in the not too distant future.

In view of the water quality standards' requirement the sewage treatment plant is rated by the Guam Water Pollution Commission as top priority project and essential for maintaining the water quality standards for Guam.

The sewage treatment plant planned will provide primary treatment which will satisfy the requirements.

Guam is eligible for and has received grants from the Federal Water Quality Administration representing 55% of construction cost. A grant will be applied for this project and accordingly only 45% or $675,000 is included in the budget request.

Cost Factors

Operations building	$ 100,000
Primary settling tanks	188,000
Sludge handling facilities	347,000
Electrical unit and outside fittings	275,000
Site development	300,000
Design and engineering	100,000
Contract administration and contingency	190,000
Construction cost	$1,500,000
Less grant	825,000
Budget request	$ 675,000

SUMMARY:

Labor	$ 600,000
Materials	750,000
Equipment	150,000
Total	$1,500,000

BARRIGADA SEWER SYSTEM, $900,000

The village of Barrigada with over 5,000 inhabitants is the third largest village in Guam and has no sewer system. The lots in the village are too small to permit installation of adequate sized leaching fields for septic tank systems and raw sewage is surfaced and floats above ground in the rainy season. This is a health menace to the people of the community and the Guam Water Pollution Commission has placed this village as top priority among the unsewered villages for installation of a sewage system. The Tenth Guam Legislature has also passed a resolution requesting that this village be given a sewage system.

Cost Factors

6 inch cement pipe including manholes and house connections, 11,707 feet @ $17.80 lineal foot	$ 208,384
8 inch cement pipe including manholes and house connections, 16,762 feet @ $19.30 lineal foot	323,506
10 inch cement pipe including manholes and house connections, 1,182 feet @ $21.00 lineal foot	24,820
12 inch cement pipe including manholes and house connections, 48 feet @ $23.20 lineal foot	1,100
8 inch force main cast iron pipe, 3,701 feet @ $12.75 lineal foot	47,190
Pumping station contract	125,000
Design and engineering	65,000
Contract administration and contingency	105,000
Total cost	$ 900,000

SUMMARY:

Labor	$ 360,000
Materials	450,000
Equipment	90,000
Total	$ 900,000

(d) Government Comptroller: Fiscal year 1971, $118,000; fiscal year 1972, $350,000; increase, $232,000. The increase consists of:

	Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
1.	+$232,000	+1	$381,400	16	To provide for increase in staffing level.
	+$232,000	+1			

(In thousands of dollars)

	1970	1971	1972	Increase
Funded by transfer	239	118	350	+232
Unobligated balance carried forward	-202	-31	-	+31
Unobligated balance applied to Budget program	160	202	31	-171
Total Program requirement	197	289	381	+92
Full-time permanent positions	10	15	16	

Cost Factors Involved in Increases

1. $79,000 is required for full staffing of presently authorized 15 positions and one additional auditor. This includes benefits and post differential, $16,000 for travel and transportation of new employees and family, $6,000 for shipment of household effects, offset by a $9,000 decrease in equipment.

Need for Increase

P.L. 90-497 provided that the salaries and expenses of the Government Comptroller for Guam shall be paid from funds otherwise covered into the Treasury of Guam, pursuant to Section 30 of the Organic Act of Guam (64 Stat. 384, 48 U.S.C. 1422).

The fiscal year 1971 program reflects the first full year cost of operating this activity with an average staffing level of 12 positions and related operating costs.

The program requested for fiscal year 1972 is $381,400, which is an increase of $92,100 over the estimated total program of $289,300 for fiscal 1971. Personnel costs and benefits make up 86% of this increase to provide for full staffing of 16 permanent positions, of which 12 are auditors. With this increased staff, it is planned to accomplish the program of audits shown on the following page.

DISTINCTION BETWEEN LOANS AND GRANTS

Mrs. HANSEN. Please define the distinction that is made between loans and grants in your rehabilitation projects.

Governor CAMACHO. Definitionwise on the total amount appropriated, a certain percentage of which is a grant from the Federal Government, the remainder becomes a loan in itself plus interest that we pay back to the Federal Government yearly.

Mrs. HANSEN. What is the percentage?

Governor CAMACHO. Sixty/forty, 60-percent loan and 40-percent grant.

Mrs. HANSEN. Who makes the distinction between a loan or a grant? What are your guidelines for this?

Mr. SANCHEZ The law is specific in the breakdown. Most of the projects except the utilities, like water, are 50–50. Educational moneys are automatically 50–50 according to the law. However, the utility funds are 100-percent repayable. So basically the utilities are the loans and the balance of the funds are 50–50.

GUAM REVENUES

Mrs. HANSEN. What is the principal source of your income for your Government?

Mr. GUERRERO. The principal source is the income tax.

Mrs. HANSEN. The Federal income tax?

Mr. GUERRERO. This is the local income tax collected from Guam.

Mrs. HANSEN. What revenues do you raise?

Mr. GUERRERO. For the fiscal 1972 we are projecting $31,500,000 for income tax from local sources.

Mrs. HANSEN. What other sources of revenue do you have?

Mr. GUERRERO. We also have the liquid fuel tax.

Mrs. HANSEN. How much does that yield?

Mr. GUERRERO. We are projecting for 1972 $3.5 million.

Mrs. HANSEN. Does the Federal Government pay liquid fuel tax on their vehicles?

Mr. GUERRERO. There is a liquid fuel tax, yes, ma'am, on the dealer. About 6 cents per gallon. In other words, it is the military to the dealer and the dealer pays this to the local government of Guam. That is not itself a tax where you separate the two.

Mrs. HANSEN. What other sources of revenue do you have?

GROSS RECEIPTS AND OTHER TAXES

Mr. GUERRERO. We have also the gross receipts tax in which we are projecting $10,600,000 for 1972. That is another great source of revenue. We also have the alcoholic beverage tax. It is projected for $575,000 for 1972. Real property tax, projection of $2 million for 1972. Tobacco tax, $300,000 for 1972. Excise and admissions tax, $170,000, and excise on hotel occupancy, $200,000. Vehicle transfer tax, $180,000. A use tax of $70,000 and other taxes for $30,000.

These are the main source of taxes which we have.

Mrs. HANSEN. Do you have a wharfage tax on your shipping?

Mr. GUERRERO. No, ma'am; there is no such thing.

Mrs. HANSEN. This gives you then a total budget of about $31 million, which does not include the Federal Government rehabilitation program? Is this correct?

Governor CAMACHO. Yes.

Mr. GUERRERO. The Federal Government, Madam Chairman, we are projecting $10,200,000 from the Federal Government.

Mrs. HANSEN. If you recall I was appointed to this committee in the winter of 1963 right after your awful typhoon that struck Guam and leveled so many of your facilities. I have been extremely interested in the progress you have made in your rehabilitation program. As you said in your justification, it was really a blessing in one way that you did not have better facilities. What is the population of Guam?

POPULATION OF GUAM

Governor CAMACHO. The latest census came up with 86,000.

Mrs. HANSEN. How many are military personnel?

Governor CAMACHO. We are a little stymied on that in that we thought the figure was a little too conservative. There was not too much of a breakdown where the total military population was included.

Mrs. HANSEN. Has this been discussed with the Federal Census Bureau?

Mr. SANCHEZ. The figure they are coming up with is 19,000, which is considerably less than what it was 5 years ago, and somehow it does not make sense at this point. So it is debatable.

SCHOOL-AGE POPULATION

Mrs. HANSEN. How many school-age youngsters do you have in Guam?

Mr. SANCHEZ. We have a total student population of 26,417.

Mrs. HANSEN. How many are in school?

Mr. SANCHEZ. I can give you a percentage, about 95 percent.

Mrs. HANSEN. Ninety-five percent?

Mr. SANCHEZ. I am talking about student population, so they would all have to be in school, because this is the enrollment figure I am giving you.

Mrs. HANSEN. Are all your youngsters in school that should be in school?

Mr. SANCHEZ. No, there are some that are out; I would say about 4 percent.

Mrs. HANSEN. What is the reason for this?

Mr. SANCHEZ. Some of them are dropouts and some of them—I think the minimum age requirement is 16.

Mrs. HANSEN. So you do lose some students between the ages of 16 and 18?

Governor CAMACHO. It is mandatory that they go to school up to 16 and a lot of dropouts occur there.

Mrs. HANSEN. How many youngsters are of kindergarten age?

Mr. SANCHEZ. We have 2,200 enrolled in kindergarten right now. Kindergarten is required by law; however, we feel at this point some of our local parents are not yet clear on the fact that they do have to send their children to school.

LANGUAGES USED

Mrs. HANSEN. Is your first language Guamanian?

Mr. SANCHEZ. Yes.

Mrs. HANSEN. Is English your second language?

Mr. SANCHEZ. Right now English is our official and first and Guamanian is becoming our second language.

Mrs. HANSEN. Does your kindergarten program include English so that when the children reach elementary school they are able to understand the lessons?

Mr. SANCHEZ. That is correct.

CLASSROOMS

Mrs. HANSEN. So when all of your youngsters are enrolled in kindergarten you will see an increased ability on the part of the youngsters to participate in the educational program. How many classrooms do you have in Guam to take care of these 25,000 youngsters?

Mr. SANCHEZ. Right now we do not have any that are completed. We appropriated money for 20 classrooms in 1970——

Mrs. HANSEN. What is the total number of classrooms that you now have available?

Mr. SANCHEZ. I have that with me. I will put it in the record.

Mrs. HANSEN. Please do.

(Information supplied follows:)

CLASSROOM SUMMARY

LEVEL	OWNED				Leased	Available 71-72 School Year[3]
	Permanent	Temporary[1]	Makeshift[2]	Under Construction		
Elementary	442	45	9	103	19	618
Special Education	14	2	4	7	0	27
Junior High	154	9	12	19	0	194
Senior High	162	0	7	18	0	187
Headstart	7	0	0	0	12	19[4]
TOTALS	779	56	32	147	31	1,045

[1] Separate wooden structures capable of being moved to another location.
[2] Usually storage, stage or similar spaces used temporarily as classrooms.
[3] All rooms under construction may not be completed at start of 1971-72 school year.
[4] Continued use subject to several factors such as: budget, availability, general condition of building.

STUDENT-TEACHER RATIO

Mrs. HANSEN. What is your student-teacher ratio?

Mr. SANCHEZ. In the kindergarten it is 20 to 1; in the elementary it is 25 to 1.

Mrs. HANSEN. Isn't your pupil-teacher ratio rather high for your kindergartens?

Mr. SANCHEZ. It is, and we are trying to work it so that eventually we may get it down to 15 to 1. Because of the language problem we have to get it to a workable number, and 15 would be a better number than 20.

TEACHER RECRUITMENT

Mrs. HANSEN. Do you find it easy to recruit teachers? Where are your teachers from?

Governor CAMACHO. For this year, Mrs. Hansen, the problem of recruitment from the mainland is nil. We have more applications than we can use. But then you ask for the ratio of local teachers in relation to the total teacher population; it is sad to say that we only have about 20 percent.

Mrs. HANSEN. Why? Don't you have enough young people trained?

Governor CAMACHO. The interest of the younger people going into the teaching profession is quite low. We are just beginning to pick it up.

Mrs. HANSEN. Is it improving?

Governor CAMACHO. Yes.

Mrs. HANSEN. Where do they receive their training?

Governor CAMACHO. We do have at the university a 4-year program for educational purposes.

Mrs. HANSEN. Do you offer scholarships for these young people?

Governor CAMACHO. Yes.

Mrs. HANSEN. These are full scholarships, and not loans?

Governor CAMACHO. Yes.

Mr. SANCHEZ. We have had a stipend program for the last 2 years in college to try to encourage our people.

Mrs. HANSEN. Do you pay Guamanians the same level of salary that you do for stateside people?

Mr. SANCHEZ. Yes, we do now.

Mrs. HANSEN. There is no inequality?

Mr. SANCHEZ. No.

HEALTH FACILITIES

Mrs. HANSEN. Do you have adequate health facilities?

Governor CAMACHO. The facilities, we claim, are not adequate populationwise. We do have a 250-bed hospital there that has been there since 1950. Now, we are contemplating on building a newer facility.

Mr. SANCHEZ. From the 1970 rehab program, we are building a public health administration and facility building.

Mrs. HANSEN. Are you able to get adequately trained medical and nursing personnel?

Governor CAMACHO. Yes.

Mrs. HANSEN. Do you train some of your nurses in your universities?

Governor CAMACHO. Yes, we do have a nursing school at the university.

REHABILITATION PROJECTS

Mrs. HANSEN. You have listed in your justifications a rehabilitation project for the Yigo Junior High School. The cost of construction is $31 per square foot. How does this compare with your prior costs per square foot on construction for the same type school?

Mr. SANCHEZ. Last year's figures were $30 per square foot.

CONSTRUCTION COSTS

Mrs. HANSEN. Why are your construction costs higher in Guam than they are stateside?

Mr. SANCHEZ. Last year the local legislature passed a law raising the minimum wage in Guam to $1.75. This in itself is higher than it is here on the mainland. The next 2 years will also see an increase in this minimum wage.

Mrs. HANSEN. How much do you think the minimum wage will increase next year?

Mr. SANCHEZ. I believe $1.95, and $2.05 the following year. I'm not sure.

Mrs. HANSEN. Do you have local contractors or do you use stateside contractors?

Mr. SANCHEZ. We have local contractors for building. In addition to this we have to bring in practically all of the building materials into the island from cement to——

Mrs. HANSEN. Where do they come from?

Mr. SANCHEZ. Mostly from the mainland.

Mrs. HANSEN. Where does most of your equipment come from?

Mr. SANCHEZ. Equipment also has to be imported from the mainland.

Mrs. HANSEN. Do you buy mostly U.S. goods?

Mr. SANCHEZ. Yes. We try to buy American goods.

Mrs. HANSEN. You are remarkable. The people in the United States don't even do that. Do you use local architects for your site development, design, and engineering?

Governor CAMACHO. They are all local architects.

AIR CONDITIONING OF CLASSROOMS

Mrs. HANSEN. I notice in your justifications that your classrooms are not air conditioned, in spite of the fact that I think you have one of the most humid climates in the Pacific.

Mr. SANCHEZ. Yes, we do.

Mrs. HANSEN. Why aren't they air conditioned?

Mr. SANCHEZ. One is the cost, of course.

Mrs. HANSEN. How much cost would this add to your school construction?

Mr. SANCHEZ. This would be a guess, Madam Chairman, but it would be in the neighborhood of $200,000, in addition to the present costs.

Mrs. HANSEN. If you were to install air conditioning in your facilities, would there be sufficient power available?

Mr. SANCHEZ. That is what I was leading up to. More important than the cost is the fact that we don't have the necessary power for it.

Mrs. HANSEN. You just don't have adequate generating facilities?

Mr. SANCHEZ. No, ma'am, we don't. In fact, after we came here, this last week, I was trying to contact the Governor's office and I couldn't because the power was out for some 3 to 4 hours.

TEMPORARY CLASSROOMS

Mrs. HANSEN. I understand when you have completed construction of this year's proposed facilities in 1974 you will only have 15 temporary buildings to complete.

Mr. SANCHEZ. Yes; By 1974.

Mrs. HANSEN. How many do those 15 buildings house?

Mr. SANCHEZ. They are being used for elementary right now and the ratio is roughly 26 to 1. We are talking about 15 of them.

Mrs. HANSEN. Are each one of these 15 buildings classrooms?

Mr. SANCHEZ. Yes, ma'am.

Mrs. HANSEN. Is this all the buildings you will have left to complete by 1974?

Mr. SANCHEZ. Yes.

Mrs. HANSEN. How many do you have left now?

Mr. SANCHEZ. Forty-five. I have brought pictures here showing these classrooms, Madam Chairman, showing why they are considered inadequate.

Mrs. HANSEN. I know they are completely inadequate.

Mr. SANCHEZ. Those were built 10 years ago, supposedly to last 5 years; so we have already doubled their life. As you can see, the lighting is very poor, acoustics are very poor. It is almost impossible to conduct a class in one of those buildings. The next typhoon we get we will probably see those fly away, and when it does rain very hard, the teacher has to stop because you can't hear with the noise on the ceiling. The temperatures in those classrooms are recorded— and we have tested it before. It was about 90 degrees at 11 o'clock in the morning.

Mrs. HANSEN. You can't get maximum participation by your youngsters with this heat?

Mr. SANCHEZ. No, we don't.

NEW CLASSROOMS

Mrs. HANSEN. How do you solve the heat problem in your new classrooms? Do you use cross-ventilation?

Mr. SANCHEZ. Yes; the schools are built so you have complete ventilation on both sides. I went into one or two of the newer ones and it is very comfortable because you have a constant breeze.

Mrs. HANSEN. In your proposed new elementary school the administration section will cost $39 per square foot. Why is this so much higher than your classrooms per square foot?

Mr. SANCHEZ. Well, with the classrooms you are talking about a shell with very few additions to it while with the administration, you need other type facilities not included in the classroom.

KINDERGARTEN CLASSROOMS

Mrs. HANSEN. How many kindergarden classrooms will you be able to construct for the proposed $1,265,000?

Mr. SANCHEZ. Twenty-six classrooms and it would house 520 students.

Mrs. HANSEN. How many classrooms do you already have?

Mr. SANCHEZ. Forty under construction or being designed right now.

Mrs. HANSEN. When will they be ready?

Mr. SANCHEZ. The first 20 will be ready by the second part of this school year and the other 20 will be ready in the school year of 1972 or 1973.

Mrs. HANSEN. By 1974 how many classrooms will you have completed for your kindergartens?

Mr. SANCHEZ. Sixty-six.

Mrs. HANSEN. How many will you be short?

Mr. SANCHEZ. By 1974 we will be short nine classrooms.

Mrs. HANSEN. Are you placing these classrooms in your larger schools first?

Mr. SANCHEZ. Yes.

KINDERGARTEN TEACHERS

Mrs. HANSEN. Are you able to recruit well trained kindergarten teachers and are you using teacher aides in the kindergartens?

Mr. SANCHEZ. Yes.

Mrs. HANSEN. Do you have any teacher language problems?

Mr. SANCHEZ. We do have the aides and I know many of the local teachers are assigned to the kindergarten group to help with the language problem.

Mrs. HANSEN. I am particularly interested in your kindergartens. This committee has been interested in the Indian kindergartens for many years. Kindergartens are a means of getting children into the mainstream of education as early as possible. How many students do you now have in your vocational high school?

VOCATIONAL SCHOOL

Mr. SANCHEZ. We have a total of 1,026 students right now in vocational education.

Mrs. HANSEN. Do you have a trained labor force in Guam available all the time?

Mr. SANCHEZ. No, I wouldn't say that. We have 6,000 alien workers right now in Guam.

Mrs. HANSEN. Where do they come from?

Mr. SANCHEZ. Mostly from the Philippines, lately a great many of them from Korea.

Mrs. HANSEN. You are still short 6,000 workers?

Mr. SANCHEZ. And most of the money earned by these people is sent back to their homeland.

Mrs. HANSEN. So this does not add to the Guamanian economy. The sooner you step up your educational program the sooner you will be able to put back into the mainstream of the Guamianian economy the money that they are able to earn.

Mr. SANCHEZ. That is correct.

Mrs. HANSEN. In your vocational schools what trades do you teach?

Mr. SANCHEZ. We have in the shop part of it, of course the regular skills like welding and electronics, a body shop, carpentry, plumbing

and a lot of construction type skills since this is where we are shortest right now.

AIR TERMINAL CONCOURSE

Mrs. HANSEN. You are requesting $638,000 for your air terminal concourse. Will this make your air terminals adequate?

Mr. SANCHEZ. When the original terminal was built, it was built right after the typhoon and made up basically of two buildings with a common concourse and it was built at the time to accommodate two or three airlines at the most.

Well, because of this boom in economy, we find it is completely outdated at this point.

Now, we have come up with a master plan for the airport whereby we will be able to utilize these two structures that we have been able to put up, provided we can put up a concourse to connect the old facility with this new facility which has been put up under the 1970 Rehabilitation Act program.

With this concourse we are requesting it will link the two completely and we will be able to utilize the two present facilities that we have.

Mrs. HANSEN. I notice you are going to have your first 747's. Which airline will fly the 747's to Guam?

Governor CAMACHO. None has come in, Mrs. Hansen, on that.

Mrs. HANSEN. Which airline do you expect?

Governor CAMACHO. Pan American Airways.

Mr. SANCHEZ. I understand TWA is also coming in.

Mrs. HANSEN. How many airlines do you have flying into Guam presently?

Governor CAMACHO. Pan American, Trans World Airlines, Continental, Air Micronesia, and Japan Air Lines.

Mrs. HANSEN. Do most of the flights originate on the mainland?

Governor CAMACHO. Yes, on the mainland.

Mr. SANCHEZ. Going through Guam on to Okinawa and Hong Kong and coming back through Guam again.

AIRPORT EXPANSION

Mrs. HANSEN. What do you expect to do next in your airport expansion?

Mr. SANCHEZ. The airport expansion we have divided into three phases. We are now at the tail end of our first phase. The second phase is beginning with the concourse connecting it to the facilities and we eventually hope to go into the third phase when our building will be added on to get a second story.

Mrs. HANSEN. Will you then have adequate air space?

Mr. SANCHEZ. We hope to, anyway.

NORTHERN WATER SYSTEM ADDITION

Mrs. HANSEN. You are requesting $677,000 for the northern water system addition. How many people will this serve?

Mr. SANCHEZ. We have at least 2,000 homes that are coming up in the northern area and this is designed to meet these new homes.

The Navy is putting up a total of 850 homes in that area; 250 are already under construction and Kaiser is continuing to build in that area. They are building 1,000 homes, plus there is a new development being built right outside Andersen Air Force Base and this is our problem right now, to supply water.

Mrs. HANSEN. Is your source of water from wells?

Mr. SANCHEZ. Yes. Right now we have about 21 wells; we need about six more to meet the demands.

SEWAGE TREATMENT PLANT AND SEWER SYSTEM

Mrs. HANSEN. How many more sewage treatment plants will you need in addition to the two you are requesting?

Mr. SANCHEZ. We will need two more in addition to this. We are already building one over on the southern part of the island, this one and we have to build two additional ones.

Mrs. HANSEN. Are your plans complete for the construction of the additional facilities?

Mr. SANCHEZ. Not on Barrigada. We have not done the planning on it. We have done the preliminary study on it.

Mrs. HANSEN. How long will the planning take?

Mr. SANCHEZ. It shouldn't take more than 6 months.

Mrs. HANSEN. Will you let these contracts before the end of the fiscal year?

Mr. SANCHEZ. Oh, yes, we should have no trouble with that.

GOVERNMENT COMPTROLLER FOR GUAM

Mrs. HANSEN. You are requesting an increase of $232,000 for the Government comptroller. Justify this request.

Mr. DUNN. This is to bring the comptroller up to his full strength. The money to pay for this again comes out of the Guam treasury rather than the Federal Treasury. Presently his authorized strength is 15. He wants one additional full-time person to make it 16 so he can again catch up on his backlog. The situation is not as aggravated as the one in the Virgin Islands, I assure you.

Mrs. HANSEN. I hope not.

Mr. DUNN. He has been making his audit reports and the Government has been responding quite well. I think he has found the comptroller to be of some use to you, haven't you, Governor?

Governor CAMACHO. Yes, very much so. I have found him not to be the troubleshooter we expected him to be but rather he has been very helpful in a sense that he points out the deficiencies in the department with recommendations that we try to follow or do follow to get greater efficiency.

UNOBLIGATED AND UNEXPENDED BALANCES

Mrs. HANSEN. Please insert in the record your unobligated and unexpended balances as of February 28, 1971. I would also like you to place in he record a tabulation by project of all projects having unexpended and/or unobligated balances as of June 30, 1970. This tabulation should indicate the year in which the funds were appropriated, the type and location of the facility, and the amount unexpended or unobligated.

(The information follows:)

GUAM

Undbligated Balances

	June 30, 1970	February 28, 1971
Fiscal Year 1970 Water System-Northern Area.....	$142,500	$ 142,500
Fiscal Year 1971 Trade & Tech School Add.....	0	197,400
Fiscal Year 1971 Inarajan Jr. High School.....	0	2,225,000
Fiscal Year 1971 Finegayan Elementary School.....	0	1,798,700
Fiscal Year 1971 Yona Elementary School.....	0	1,759,700
Fiscal Year 1971 Kindergarten Classrooms.....	0	970,160
Fiscal Year 1971 Chalan Pago-Ordot Sewer System.....	0	190,000
Fiscal Year 1971 Air Terminal Development.....	0	975,000
Fiscal Year 1971 Water System-Northern Area Ext.....	0	104,500
TOTAL	$142,500	$8,362,960*

* Commitment made to Office in Charge of Construction.
Contracts to be awarded on various dates before June 30, 1971.

GUAM

UNEXPENDED BALANCES

	June 30, 1970	February 28, 1971
FISCAL YEAR 1965 PROJECTS		
Educational Facilities:		
Merizo Elementary School	$ 1,146.96	1,146.96
College Library Building	426.56	426.56
Public Works:		
Juvenile Institute Building	5,112.71	5,112.71
Sewer System I	21,056.49	20,350.49
Resources Development: Air Terminal Building	139.37	139.37
Water System: Dededo-Tumon I	50.00	0
Power: Contribution to Piti Power Plant	8,830.00	0
FISCAL YEAR 1966 PROJECTS		
Village Development: Agana Fractional Lots	38,890.91	37,054.61
Resources Development: Commercial Port I	29,919.41	73,122.13
Water System: Waterline Replacements	28,220.50	0
Power: Power Substation	10,163.50	0
FISCAL YEAR 1967 PROJECTS		
Educational Facilities:		
Dededo Elementary School Addition	9,792.77	9,792.77
Yigo Elementary School	9,066.48	8,560.36
Public Works: Sewer System II	449,305.33	362,656.80
Water System: New sources II	113,989.82	77,442.78
FISCAL YEAR 1968 PROJECTS		
Educational Facilities: Dededo Elementary (Mettengel)	6,277.93	6,277.93
Public Works: Sewer System III	765,127.55	509,246.74
Resources Development: Commercial Port II	17,159.73	4,739.73
Water System: III Phase	4,606.00	4,606.00
FISCAL YEAR 1969 PROJECTS		
Educational Facilities: Elementary Classrooms (26)	61,314.00	61,314.00
Village Development: Sinajana Urban Renewal	333,168.72	333,168.72
Resources Development: Commercial Port III	108,163.64	17,392.97
FISCAL YEAR 1970 PROJECTS		
Educational Facilities:		
George Washington Junior High Add	517,290.06	494,977.02
Trade & Technical School Add	197,283.71	188,293.10
Harmon Loop Elementary School	1,248,096.38	880,167.79
Mangmong Elementary School	613,319.00	581,180.99
Kindergarten Classrooms	820,391.00	748,532.80
Brodie School Add	270,801.23	140,994.55
Village Development and Urban Renewal:		
Yona Urban Renewal	662,362.00	405,562.00
Public Works:		
Yona Sewer	742,000.00	648,849.54
Public Health Central Building	1,193,680.00	962,450.11
Resources Development:		
Cabras Industrial Park Development	336,213.00	92,114.00
Air Freight & Cargo Building	392,000.00	299,019.81
Airport Master Plan	41,568.00	12,615.26
Water System: Northern Area	151,265.00	229,635.88
FISCAL YEAR 1971 PROJECTS		
Educational Facilities:		
Trade & Technical School Add	0	201,394.00
Inarajan Jr. High School	0	2,225,000.00
Finegayan Elementary School	0	1,888,715.83
Yona Elementary School	0	1,849,715.83
Kindergarten Classrooms	0	997,252.12
Public Works: Chalan Pago Sewer	0	224,231.88
Resources Development: Airport Development	0	983,372.80
Water System: Northern Area Ext	0	123,154.00
GRAND TOTAL	$9,208,202.76*	$15,700,781.84*

* Not included $200,000 for Economic Development Plan under Department of the Interior.

HOUSE INVESTIGATIVE STAFF

Mrs. HANSEN. Last spring the investigative staff of the House Committee on Appropriations made an audit of the financial management activities of Guam. Various exceptions were taken in the course of this audit. May we have your comments on what actions were taken to correct the deficiencies revealed by this audit?

Mr. GUERRERO. May I answer that, Madam Chairman?

Mrs. HANSEN. Yes.

Mr. GUERRERO. The Governor has been following that report and the next report or the report that was due March 9 has been prepared and submitted to the Governor's office for transmittal to the Department of Interior and from the Department of Interior that report will go to the House committee.

Mr. DUNN. We had a followup program on that and we sent you the periodic report for the corrections of the deficiency.

Mrs. HANSEN. I notice our friend Mr. Ingling, who was coordinator for so many years, isn't here today. Has he retired?

Governor CAMACHO. He has resigned from his position as of December 31. The only reason he gave me was personal reasons, he wouldn't tell me what his personal reasons were.

Mrs. HANSEN. We wish him well. He was always a fountain of information.

COMPTROLLER'S AUDIT WORK

I notice you have 2,192 man-days of audit work. Will this put your audit review on a current basis?

Mr. DUNN. It should in Guam if he gets his full strength; it should make it on a current basis.

Mrs. HANSEN. Mr. McDade.

Mr. MCDADE. No questions, Madam Chairman.

Mrs. HANSEN. Governor Camacho, Speaker Ramirez, Won Pat, and the members of your staff, congratulations on a job well done.

Your budget was exceptionally well prepared.

Will you please carry back my very best wishes to the people of Guam and your legislature? This committee has always felt a great kinship with them and a feeling of understanding. I hope one of these days to get to Guam.

Governor CAMACHO. I just met with Senator Hatfield when I was boarding my plane and I said why didn't you at least give me a buzz and he said, well, I am on my way to Hong Kong.

CRIME PROBLEM ON GUAM

Mrs. HANSEN. Has crime in Guam, during this last year, increased? We discussed this last year to some extent.

Governor CAMACHO. Crime is very, very minimal but I think we are looking forward and preparing more for the drug problem. The military is the source of our problems down there but we are coordinating with the military people, to the sense, that we are able to control it. It is not rampant, it is very minimal but we do have our legislation to prevent it.

Mrs. HANSEN. Do you have a drug problem?

Governor CAMACHO. Very minimal.
Mrs. HANSEN. You are very fortunate.
Governor CAMACHO. Very fortunate.

URBAN RENEWAL

Mrs. HANSEN. What is the status of your urban renewal project?
Governor CAMACHO. We are half way through the first case of our urban renewal project and they are acquiring properties in the next slum area. So we are proceeding very rapidly. Although we got to the point where we have problems with the contractors before. But that problem has been resolved about 6 months ago.

EXCHANGE OF LAND WITH NAVY

Mrs. HANSEN. Last year you were having a little difficulty with the Navy on the exchange of land. Is that problem solved?
Governor CAMACHO. In the process of resolution. The Navy has agreed or rather I have made a position whereby we cannot afford to relinquish property any more land-wise in lieu of money. Rather those areas that they are not using and do not have any use for shall revert back to the Government of Guam in exchange for whatever land they have, and they seem to be very interested in that proposition. Although I am still fighting the very fact that I don't think we should go into the idea of property value. Because their property value and ours have quite a discrepancy, whereby we may end up on the losing end of the ball game and I don't like to be in that position if we can help it.

RECREATION AND PARKS PROGRAM

Mrs. HANSEN. What is the status of your recreation and your park programs?
Governor CAMACHO. We are proceeding with that quite rapidly. It is in a fluctuation period right now whereby our commerce department is really going after that, plus the help of the business community.

CROWN OF THORNS STARFISH

Mrs. HANSEN. Is Guam troubled by the crown of thorns starfish?
Governor CAMACHO. We are controlling that. It is not moving away from the point we had demarcated last year. We are able to control it.
Mrs. HANSEN. You are very fortunate.
Mr. OBEY. How are you controlling it?
Governor CAMACHO. We have a project down there now where we pay a bounty of 10 cents per fish that the divers go after.
Mrs. HANSEN. Are you using pesticides?
Governor CAMACHO. No; we are using formaldehyde which is not considered a pesticide. We are very conscious about pollution down there.
Mrs. HANSEN. Thank you all very much. You have done a very able job and again my very best wishes to the people of Guam.
Governor CAMACHO. Thank you very much.

MONDAY, MARCH 8, 1971.

AMERICAN SAMOA

WITNESSES

HON. JOHN J. HAYDON, GOVERNOR
CARL H. MEEUWSEN, TREASURER
F. MICHAEL VERLANDER, PLANNING AND BUDGET OFFICER
FAINU'ULELEI UTU, SPEAKER OF THE HOUSE
LEAENO REED, PRESIDENT OF THE SENATE
TAGALOA TUIOLOSEGA, SENATOR
EDDIE MEREDITH, REPRESENTATIVE
CHIEF A. U. FUIMA'ONO, DELEGATE AT LARGE TO WASHINGTON

Mrs. HANSEN. The committee will come to order.

We are particularly pleased to welcome our neighbors and fellow Americans from American Samoa.

I am particularly proud to welcome Governor Haydon, who is from my own State of Washington. A very warm welcome to all of you. Governor Haydon, will you introduce your staff and the members of your legislature?

INTRODUCTION OF WITNESSES

Governor HAYDON. Thank you, Mrs. Hansen.

Leaeno Reed, President of the Senate; Speaker of the House, Fainu'ulelei Utu; Representative Eddie Meredith; Senator Mike Tuiolosega; Carl Meeuwsen, Director of Administrative Services, and Mr. Mike Verlander, who heads our planning and budget section.

Mrs. HANSEN. May I say to the members of the legislature who came across the Pacific to visit us today, that we extend you a very warm welcome and we are delighted it has become the policy of your legislature to send members to meet with us. I served in a western legislature for many years before I came to Congress and I know very well the problem of the "State governments." I extend a very warm greeting to my fellow Americans from Samoa. Thank you so much for coming.

Mr. McDade, the distinguished ranking minority member of the committee from Pennsylvania, I know will want to welcome you also.

Mr. MCDADE. Indeed I do. I have had the pleasure of hearing most of these people testify before and I want to extend my welcome to you, too. We are looking forward to hearing you testify again today.

Mrs. HANSEN. I am sure Mr. Obey and Mr. Wyatt will join us in extending the welcome.

Mr. WYATT. Yes, Madam Chairman.

GENERAL STATEMENT

Mrs. HANSEN. Governor Haydon, please insert your general statement in the record and summarize it for us.

Governor HAYDON. Thank you, Mrs. Hansen. I have given the stateent to the reporter for the record.

(The complete statement follows:)

STATEMENT OF JOHN M. HAYDON, GOVERNOR OF AMERICAN SAMOA

In August of 1969 a new administration was inaugurated in American Samoa. An immediate assessment was begun of objectives, needs, programs, quality of management and fiscal affairs. During this assessment, several problem areas were uncovered -- not only in the socio-economic condition of the territory, but in several government operational areas which exhibited substantial deficiencies in management technique.

Fiscal Control and Responsibility

At the request of the new administration, the Office of Survey and Review performed a management and financial audit of the government operations. From this audit as well as the review made by the Surveys and Investigations Staff of the House Committee on Appropriations, several long-standing areas of activity requiring improvement were identified.

It was found, in particular, that:

1. Practical long range goals and plans to accomplish those goals had not been developed.

2. Accounting information did not meet the requirements of managers to adequately assess current operations. Furthermore, reliable historical data for realistic budget and program estimates were not provided.

3. Insufficient preliminary engineering and design of proposed construction projects made it impossible to accurately establish budgetary funding requirements. This, combined with the lack of final design before projects were started, caused several construction overruns which necessitated reprogramming actions and the elimination or reduction in scope of many priority construction programs.

To remedy these problems, immediate corrective actions were taken. The position of PPBS Coordinator was created to develop comprehensive planning and programming from meaningful, analytical studies. Systems experts were employed at the beginning of FY 1971 to completely redesign the accounting system to effect reliable and timely financial reporting. Procedures were established to assure that preliminary engineering would be completed to enable accurate cost estimating before construction projects were included in budget submissions. Furthermore, no construction projects are now started until final designs with firm cost estimates have been completed, thereby assuring that sufficient funds are available to complete the project.

The combination of the above plus other relatively minor changes will provide, over the long run, the sound financial management required to operate the Government of American Samoa as efficiently as possible.

Identification of Territorial Needs

Within the limited constraints of the 1971 planning allowance, every effort was made to shape the budget to reflect the priorities established by the new administration. Concentrated work was directed to the 1972 program. Every effort was made to obtain the best advice of persons skilled in their profession to provide the expertise and knowledge needed to adequately ascertain the problems and recommend viable solutions.

The Economic Development Report prepared by Wolf Management Services in 1969 was reviewed in light of current needs. Specific problem areas were then identified with special, in-depth studies undertaken in the fields of education, medical services, marine resources, agriculture, on and off-island transportation, land management, water development, electrical power generation, water and land pollution, recreation, civil defense and public safety.

It was found that although the education system and health services of the Territory had the finest hardware in the South Pacific, each lacked the adequate staff and direction to meet the needs of the people. The education system, for example, was designed around television as the sole instructional medium. The implementation of this system, however, ignored the great number of students who were unable to cope with the radical instructional media change from classroom teacher methodology to television. These students consequently became a "lost generation" of individuals who did not receive an adequate education to enable them to effectively participate in the local labor force or to compete in off-island training centers.

The studies disclosed that the medical services activity was rife with equally significant deficiencies. Although the average rate of patient visits per year in American Samoa exceeds that of the United States by more than 150 percent, there were only 0.22 medical doctors per 1,000 population in American Samoa as compared to 1.58 in the United States. Even with the inclusion of Samoan Medical Practitioners, whose training is less than that of certified medical doctors, the rate was increased to only 1.0. This inadequate staffing required a doctor to acquaint himself with a case, make a diagnosis and offer treatment within an average time of five minutes per patient.

Other problems identified included:

* Nine villages with no transportation facilities thus causing outer village abandonment and severe urban congestion.

* Contaminated water supplies for 35 percent of the schools and 52 percent of the villages.

* Inadequate sewerage disposal for 88 percent of the population.

* A severely overloaded electrical system.

* Totally inadequate fire protection.

* Inadequate housing for 70 percent of the population.

* 26 percent unemployment.

* Per capita income less than 1/3 of that in the United States even though the relative cost of living was nearly comparable.

* Underutilization of natural resources -- particularly in the agricultural and marine resources areas.

* Achievement levels of Samoan twelfth graders no greater than those of a U. S. ninth grader.

* A severely hampered construction program caused by previous overruns that resulted from inadequate design effort and fiscal irresponsibility.

A Balanced and Comprehensive Plan -- FY 1972

The FY 1972 program represents the first comprehensive budget that has been prepared for the Territory of American Samoa. The development of this plan began with clear definitions of objectives and goals which must be accomplished in order to upgrade the standard of living of American Samoans. These goals continue to place the strongest emphasis on programs directly related to the health and welfare of the people with additional major thrusts to provide basic infra-structure for economic expansion. Every effort has been made to avoid "make work" or luxury projects.

Education

The successful early childhood education program will be expanded to reach, on part-time basis, 98 percent of the 3 1/2, 4 and 5 year olds by 1972 as opposed to 60 percent in 1971. This program currently has an enrollment of 2,200 children (out of 3,300 needing this schooling) and is considered one of the outstanding ECE programs in the United States.

On the secondary level, several directional changes in education will be initiated. Because English language and structure was not given proper emphasis in prior years, students' poor English language skills do not enable them to assimilate lesson content. This is the primary reason for the low levels of achievement attained by the Samoan youngsters. As a result, it has been extremely difficult for these young adults to successfully obtain employment or to further their education in off-island schools. To remedy this problem, greater emphasis will be placed on the development of students' English skills in 1972 by using English speaking native classroom teachers for intensive instruction. Vocational training, essentially

eliminated in 1964 when TV schooling was begun, has been re-introduced to meet the expanding economic needs of the Territory. In 1972, increased emphasis on pre-vocational training at the high school level will enable high school graduates to obtain semi-skilled employment or further their training in the Community College of American Samoa.

The initiation of the Community College in FY 1971 with full implementation programmed for FY 1972 will help meet employment and income projections by providing a skilled labor force. In FY 1971, the operation of the Community College was substantially more successful than anticipated. The full-time equivalent enrollment was 464 students with 375 being enrolled in occupational programs. In FY 1972, it is expected that 600 students will be enrolled in the Community College with approximately 425 graduating by 1974.

Additional training will be derived from extension services in both fisheries and agriculture and on-the-job training. All these programs will be coordinated by the territory-wide government employment office to be established in 1972.

Health

Several improvements will be made in FY 1972 to the health services of the territory to buttress the organizational changes made in 1971. An increased staff will be provided to provide professional services in several support areas ignored in the past. The first preventative and restorative dentistry programs will be implemented in 1972 with initiation of services to the remote villages. The scope of Public Health will be broadened to include education through mass media in the areas of nutrition, dental care, family planning and maternal and child health. In addition, on-the-job medical schooling will be accomplished by establishing regular courses supervised by resident doctors.

Infrastructure

Accelerated water, sewage and road programs, and the construction of a second power generating plant are programmed in FY 1972.

As village water sources are developed, they will be tied together with an island-wide main to provide reliable water service to more Samoans. In addition, this inter-tie will increase fire fighting capability since the combined storage facilities will assure the availability of water at proper pressures where needed.

Additional sewerage laterals and mains will be installed in the harbor area in FY 1972. Phase III of the Tafuna sewage treatment project will also be undertaken. Both programs are aimed at eliminating pollution of inshore waters which will be developed for recreation and commercial fishery utilization.

The first phase of the Tafuna electric generating plant will be undertaken in FY 1972 to meet ever-increasing electric power demands placed upon the system by the rapidly expanding economy. Design and procurement of the

first 3,000 KW generator and related switch gear is programmed for FY 1972, and construction of the plant will be initiated in FY 1973.

Two roads and three harbor moorings will be constructed in FY 1972 to accelerate the socio-economic development of the more remote parts of the territory. By constructing these facilities, the villagers will have access to the population centers to obtain employment, to market their crops and to make use of educational and medical services. The roads to be constructed will open 3,900 acres of prime agricultural lands with a potential yield per decade of $18.4 million value.

Economic Development

The specific studies of the long-range economic development of the territory identified employment and income goals, which showed the need to create 306 new jobs per year, and to move Samoans into jobs presently held by non-Samoans. Consequently, heavy emphasis will be placed on expanding tourism and natural resource enterprises as well as attracting new commercialization -- all of which must be compatible with overall Territorial objectives. Indigenous business expansion will be encouraged by offering management assistance and by contracting large portions of government work to local enterprises.

Fiscal Year 1972 Funding Requirement

The total program proposed for FY 1972 is $20.1 million as compared to $15.9 million in FY 1971 -- a $4.2 million increase. This increase will be funded by nearly $3 million of additional Interior budget authority coupled with more than a $1 million increase of local revenues.

Increased school enrollment and population growth require about a 15 percent increase just to maintain services at the same level in FY 1972. A large part of the remaining increase will provide the needed directional change in the Education Department to raise the standard of achievement of Samoan children. It will also give 72 percent of the population safe drinking water and sewerage disposal facilities to 40 percent. Furthermore, the proposed program will provide impetus for economic development of the private sector while safeguarding the beauty and natural environment of the islands and Samoan land ownership guaranteed by the Constitution of American Samoa.

Conclusion

American Samoa is unique within United States sovereignty. It is the heart of the South Pacific and is considered the "United States" throughout the region -- an obvious influential foothold. Because American Samoa is an easily reached territory of limited size, it could become, at minimal cost, a shining example of U. S. influence to other developing countries.

Samoa has now reached a point in its westernization process where it no longer has the option of returning to the "old" ways. Instead, it must now rapidly accelerate its progress in order to advance its relative socio-economic position.

The fiscal year 1972 budget proposal provides the initial impetus to expand development at a rate consistent with territorial desires and capabilities. The proposal is consistent with U. S. fiscal constraints and maintains a desirable balance with ever-increasing local revenues and other Federal agency assistance.

The proposed budget has been developed with the full and active participation of the Legislature of American Samoa in accordance with the basic policy of participative government as established by this administration. The full Legislature has examined and endorsed the total program and has recommended the proposed use of local revenues over which they exercise appropriation authority.

Governor HAYDON. I will skim through it briefly because I think your hearing will be more productive if you ask us questions. As you know, I was inaugurated in August of 1969 and tried to begin, with the help of the staff people, to find out what was wrong in Samoa and what we ought to be doing to correct it. It was no easy job because there were problems in a number of areas, both in the private as well as the government sector.

INHERITED FINANCIAL PROBLEMS

Your own Committee on Appropriations had an investigative staff come to Samoa. Furthermore, I requested, and finally received, a team from the Office of Survey and Review to come to Samoa to review our books and give me some advice on what they felt were our shortcomings and recommend corrective action.

Basically we found that long range planning was deficient and our accounting information certainly was not in good shape. Mr. Meeuwsen arrived in Samoa shortly before I did and this was his responsibility under the Department of Administrative Services. A lot of information is lacking, it disappeared and isn't there. In the area of public works we found some very distressing conditions. For example, some $3 million of funded projects had no preliminary designs on them at all. This had put us in the hole causing overruns and other problems.

PERSONNEL

We began by bringing in systems people. We had quite a few problems just obtaining personnel. This is one of the things that drives us crazy in Samoa.

Mrs. HANSEN. I may say in defense of those who preceded you, Governor Haydon, that this is one of the problems that drove them crazy also. It has not always been easy to secure good personnel for these areas.

Governor HAYDON. Well, when we needed a purchasing agent, fortunately several were available in the Northwest area, as you know, due to the Boeing troubles. The kind of people that we need are often in short supply. Systems auditors are not easy to come by. We have recruited a very fine top man with two men under him. One man lasted only a short time. His child was in the hospital 14 times in several weeks and so he gave up and went home. We are recruiting other men for systems work because we know we have to keep track of our money and how we are spending it. We need cost accounting if we are going to be accurate in our forecasting for spending.

ELIMINATION OF OVERRUNS

I can say there has not been an overrun in American Samoa since August of 1969, to the best of my knowledge. Where there is not enough money for the projects, we have simply said, "You will get by on the money that is available. There is no more and you will do the job the best you can." We found when we sat down we could figure out how to complete the projects within available funding. The overruns that have plagued American Samoa for a long time have been completely eliminated now.

REVISED ACCOUNTING PRINCIPLES AND STANDARDS

We do have a draft of our accounting policies, not completely in effect yet, a complete revision of the American Samoa financial management system which I will submit for the record. We are candid in the document, stating that all of it is not in effect, but a great deal of it is.

(The material follows:)

DEPARTMENT OF THE INTERIOR

GOVERNMENT OF AMERICAN SAMOA

ACCOUNTING PRINCIPLES AND STANDARDS

Table of Contents

I. Organization and Functions of the Government of American Samoa

II. Statutory Requirements

A. Congressional Policy and Agency Responsibility for Accounting Systems and Financial Reporting

B. Accrual Accounting and Cost-Based Budgeting

C. Anti-Deficiency Act

D. Documentary Evidence of Obligations

E. Proper Use of Funds

F. Merging of Obligated Balances of Expired Appropriations

G. Inventory Controls

H. Monetary Property Accounting

I. Audits

III. System Design

A. General Organization for Financial Management

1. Budget Office

2. Management Office

3. Financial Division

B. Budgeting and Planning Responsibilities

1. Estimates

2. Schedules

3. Budgets

C. Accounting And Financial Reporting Responsibilities

1. Basic Requirements and Purposes

2. Responsibility of Financial Division

D. Cost Accounting System

1. General Description

2. Construction in Progress Accounts

E. Financial Reporting

1. General Principles and Standards

2. Cost Reporting

3. Use of Financial Reports

F. Internal and External Controls

1. General

2. Control Through Separation of Duties

3. Document Control

4. Control of Receipts

5. Control of Disbursements

6. Internal Audit and Reviews and external audits

IV. System Processing

A. General Description

B. Major Elements of the System

V. System Content

A. General Accounting Principles and Standards

1. Accounting System Structure

2. Accrual Basis of Accounting

3. Fund Control

4. Obligations Accounting

5. Cost-Based Budgeting

6. Data Provided for PPBS

VI. Systems Applications

A. Accounting for Cash Resources

B. Accounting for Receivables

C. Accounting for Property and Materials

1. Plant Accounts

2. Principles of Capitalization

3. Physical Inventories

D. Accounting for Liabilities

1. Basic Principles and Standards

2. Contractor's Work in Process

3. Leave Liabilities

E. Investment of the United States Government

F. Accounting for Revenues

1. Recording and Controls Employeed

G. Accounting for Costs of the General Governmental Operations and Construction

1. General Principles Underlying Cost Accounts

2. Overhead Costs

3. Losses

4. Leave Costs

5. Clearing Accounts

H. Accounting for Pay, Leave and Allowances

I. Organization and Functions of the Government of American Samoa

The government of the Territory of American Samoa was transferred from the U.S. Navy to the U.S. Department of the Interior in 1950. The Secretary of Interior exercises his powers through the Office of Territories and the Governor as titular head of the Government of American Samoa. The Secretary of Interior appoints the Governor.

The general organization of the Government of American Samoa is composed of the executive, legislative and judicial branches, just as is the Government of the United States. The executive branch is divided into several major departments and a number of smaller staff offices. The major departments include Administrative Services, Department of Agriculture, Department of Education, Medical Services Department, Port Administration, Public Safety and Legal Affairs and Public Works Department. The Office of the Governor includes some of the smaller service organizations. Liaison between GAS and the U.S. Department of Interior and other Federal agencies in Washington D.C. is provided through the Office of Territories.

The Government of American Samoa provides all central governmental functions including Medical and Education, in a manner similar in many respects to a state government and in other respects to a municiple government. Financial support to GAS is through Federal appropriations, local revenues, (income tax, excises, fees, permits, revenue from utility services, etc.) and grants for specific purposes or functions.

II. Statutory Requirements

Principal statutory requirements underlining GAS Accounting System are:

A. Congressional Policy and Agency Responsibility for Accounting for Reporting

The Budget and Accounting Act of 1950, as amended, (31 USC 65 and 66), provides the Congressional policy on the purposes and need for adequate accounting systems and Financial reporting. The Act also establishes the responsibilities of each executive agency, the General Accounting Office, the Bureau of the Budget, and the Treasury Department, for the implementation of these policies.

B. Accrual Accounting and Cost-Based Budgeting

Public Law 84-863 (31 USC 66a (c)), provides for (1) the maintenance of accounts on an accrual basis to show resources, liabilities, and costs of operation to facilitate the preparation of cost-based budgets, (2) the use of cost-based budgets, (3) consistency in accounting and budget classifications and alignment with the organization structure, and (4) financing each organizational or operating unit at the highest practical level from not more than one administrative subdivision for each appropriation or fund affecting such unit.

C. Anti-Deficiency Act

The Revised Statute 3679 (31 USC 665), as amended, provides that obligations shall not exceed amounts appropriated or or apportioned, or amounts allotted for administrative control.

D. Documentary Evidence of Obligations

Section 1311, Supplemental Appropriation Act of 1955 (31 USC 200), sets forth the criteria that govern the recording and reporting of financial transactions as obligations.

E. Proper Use of Funds

Section 3678, Revised Statutes, requires that except as otherwise provided by law, sums appropriated shall be applied solely to the objects for which they are respectively made. This statute is for the purpose of assuring that each agency carries out its programs in accordance with the purposes and intent of Congress.

F. Merging of Obligated Balances of Expired Appropriations

Public Law 84-798, as amended, provides for the system of payment of obligated balances of expired appropriations, and for the withdrawal and restriction of unobligated balances.

G. Inventory Controls

The Federal Property and Administrative Services Act of 1949, requires each agency to maintain adequate inventory controls and accountability systems for property under its control (40 USC 483).

H. Monetary Property Accounting

Public Law 84-863 imposes the requirement that the accounting system of each agency include adequate monetary property accounting records (31 USC 66 (c)).

I. Audits

GAS has established its own internal audit group to assure consistency and economy in its financial operations and

additionally is subject to audit by the Office of Survey and Review, Department of Interior and the General Accounting Office.

III. System Design

A. General Organization for Financial Management

The responsibilities and functions for financial management are delegated by the Governor of GAS to the Treasurer/Director of Administrative Services who is the principal financial advisor to the Governor. He has direct assistance from the Comptroller, and PPBS/Budget Officer concerning the financial implications of program proposals and objectives. The primary financial management functions and responsibilities are the preparation of budget policy for executive direction; coordinating the development of budget estimates, financial plans, and justifications based on cost data; participating in budget presentations to all levels of management, the Department, Bureau of the Budget, and Congress; administering the approved budget by U.S. Congressional and Samoan Fono appropriation and Federal Grant, for GAS operations and construction activities; administering the three allotments; U.S. Appropriations, Local Revenues and Grants; by issuing program and organization cost targets under the uniform budget-accounting classification system. Data accumulated under the related budget-accounting system of program and organization identification can be readily integrated with the Department's Planning-Programming-Budgeting System, either directly or through financial analysis.

The Department of Administrative Services is one of the eight major departments or branches of GAS. The department consists

of three divisions and two staff offices.

1. Budget Office. The Budget Office provides staff services for executive direction on all matters relating to the formulation and execution of budget policy. The Budget Office consists of a PPBS Coordinator, a Budget Officer, and an Assistant Budget Officer.

2. Management Office. The Management Office provides staff services for executive direction on all GAS policies as a liaison with organizations, programs, operations, and activities.

3. Financial Division. The Division provides staff services for executive direction on all matters relating to accounting and financial policies and operations. The Division organization consist of:

   a. Accounting Systems Staff.

   b. Disbursing Branch, audit of disbursements including payroll, certification of disbursement vouchers and preparation of checks.

   c. Accounting Branch includes general accounting and construction cost accounting.

   d. Grant Accounting Branch includes detailed accounting for and financial control of all grants received.

   e. Property Management Services Branch includes accountability for all major fixed assets of GAS.

   f. Revenue Branch includes primary revenue collection services for GAS.

B. Budget and Planning Responsibility

The budget is developed to the maximum possible extent on work performance and provides for evaluating the dollar relationship of estimates and actual progress. Primary elements of the budget involve the following:

1. Estimates cover the projected total cost of an activity, or annual increments of total cost, supported by narrative statements and detail on personnel, material, equipment, contract items and facilities required.
2. Schedules apply the time element to cost estimates, and determine priorities and time limits. Schedules are prepared on an applied cost and obligation basis, by sub-divisions where appropriate.
3. Budgets consist of general statement of program objectives; projected requirements for general governmental operation and operation and maintenance of facilities; statements of estimated revenues; and construction program summaries and schedules.

C. Accounting and Financial Reporting Responsibilities

1. Basic requirements and purpose. The accounting system meets the Governmental accounting and reporting requirements of US Congress, the General Accounting Office, the Bureau of the Budget, the Treasury Department, the Department of the Interior, the Samoan Fono, and GAS management. The combined responsibilities dictate the establishment and maintenance of an integrated system of accounts

in order to meet the various reporting requirements. The following important purposes were considered in establishing the accounts:

a. To provide control of costs and application of funds for all activities.

b. To record financial information in a consistent and uniform manner that will produce meaningful results.

c. To provide standard and uniform financial statements, cost and budgetary reports on a regular basis to meet internal and external requirements.

d. To insure proper administration of public funds and properties, and local revenues.

2. Responsibility of the Financial Division

a. Responsible for planning and programming the accounting system on a accrual basis, to meet all statutory and management requirements, and the preparation of financial reports.

b. Maintains the general ledger accounts, the plant accounts, and the cost and budgetary accounts, including controls for all appropriations, allotments, grants, and general and special fund receipt accounts, and revolving fund control accounts where the activity is quasi-independent of GAS.

c. Controls and maintains the GAS Accounting Manual.

d. Disburses U.S. appropriated funds, local revenue funds and grant funds.

D. Cost Accounting System

1. General Description. GAS costs are fundamentally classified on an activity basis under major organizations or activities. The principal organizational activities are: Executive, Administrative and Fiscal, Education, Medical, Judicial, Agriculture, Public Safety and Legal, and Public Works (construction, maintenance and operation and utilities).

2. GAS General Operation and Administration Accounts. The general governmental operations, executive and administrative functions of GAS are accounted for through series of activity accounts geared to the assigned functions of the cognizant organization. These accounts follow organizational lines and are intended to collect costs which will facilitate the managers' cost effectiveness in the conduct of their segments of the total program. To the extent practical non-financial statistical information is accumulated as an adjunct to the accounting system relative to each accounting series or function so that the managers may relate financial information directly to quantitative or qualitative accomplishments. These statistical accumulations, although not part of the accounting system, will vary by the Department concerned and are intended to provide a work measrement device which will assist the managers in evaluating the product of the costs incurred.

3. Construction in Progress Accounts. All construction in progress and equipment acquisitions are accumulated through

a system of work orders and classified under the following major cost descriptions:

a. Engineering - Surveys & Designs.

b. Materials.

c. Construction.

d. Equipment.

e. Land.

f. Accounting Distributions and Transfers.

E. Financial Reporting

1. General Principles and Standards

a. Reports, including cost, budget and quantity data, are prepared on a timely basis and distributed to the various levels of responsibility for decision making, based upon the assigned organization codes.

b. Where it is possible to do so, reports are progressively summarized for use by successively higher levels of management, and for external reporting requirements.

c. Reports contain the minimum essential information for management.

d. Recurring reports are consistently prepared as to both form and content.

e. Non-repetitive reporting requirements are met by the application of financial analyses and cost finding techniques.

f. Reporting cycles are established as necessary to meet the needs of the recipients and include bi-weekly,

monthly, quarterly, semi-annual, and annual reporting cycles.

g. The official accounting records are the sole source of information in all financial reports except when specifically noted.

h. Reporting formats, contents, and timing are periodically reviewed to assure maximum usefulness.

i. Reports are provided to meet all reporting requirements of GAS as a U.S. government agency, and as a quasi-independent government for the Territory of American Samoa.

2. Cost Reporting. Under a single uniform system of classification, estimated cost, actual cost and obligation are reported to responsible management officials as follows:

a. Cost center managers are provided with monthly operating reports which include the elements of costs and obligations for which they are responsible in accomplishing their specific purpose, activity, operation or units of out-put.

b. In those areas where work measurement systems are installed, cost data reported is related to quantitative out-put data (scheduled and actual), providing a basis for evaluating current operations and information for future programming.

c. The costs and related out-put data, under the uniform budget accounting system of classifications, provides

GAS managers with supporting information for financial planning and budget estimating.

3. Use of Financial Reports. An example of how one of the major reports is developed and used at various levels of management is illustrated by the Budget Program Status Reporting Criteria, Exhibit A attached.

F. Internal and External Controls

1. General. The GAS Accounting system includes systems of internal and external controls. The control features of the system safeguard assets, assure the accuracy and reliability of accounting data, promote operational efficiency and economy; encourage adherence to prescribed managerial policies, and are intended to assure that the operations of GAS are in accordance with applicable laws and regulations.

2. Control Through Separation of Duties. Responsibility for assigned duties and functions is appropriately segregated between authorization, performance, record keeping, custody of assets and review of transactions. Separation of duties is essential to the operation of a satisfactory system of internal controls. The responsibility for financial controls within the accounting system is in the Financial Division, including functional control of financial duties that may be delegated another organization. The design of the accounting system establishes the division of duties where applicable, as follows:

a. Personnel handling cash do not have access to the related accounting records.

b. Accounts receivable are established by personnel other than those who provide the service, produce the receivables, or authorize write-offs.

c. Functions relative to the acquisition of property are separated between those who have the authority to purchase, approve the authorization, receive, store, or utilize the property, and record the transactions.

d. Separation of duties relative to certification of disbursement vouchers are: maintaining books of accounts, preparing payroll, initiating or authorizing purchases, and preparing and distributing checks.

e. Separation of duties relative to property accountability are: maintenance of records; custody of property; authority to dispose, transfer, or write off property; and physical inventories, where possible.

3. Document Control

a. The forms and procedures are designed to assure proper authorization of all transactions. The record of such authorization is used to establish full accountability and to provide a basis for proof of accuracy.

b. The Financial Division establishes and maintains controls to verify that documents received were issued by authorized officials, and that the transactions apply to the responsible organization and its activities, as well as accurately represent the transactions.

c. Decentralized records of monetary accounts, notably the electric utility and marine railway, are under the functional control and direction of the Financial Division, and are reconciled periodically to the controlling general ledger accounts.

d. Financial transactions recorded in the accounting records are supported by documentary evidence which becomes part of the financial records.

e. The GAS accounting system is designed to eliminate any need to establish and maintain records which duplicate or overlap those maintained by the Financial Division.

4. Control of Receipts. The GAS accounting system provides for accounting control to begin immediately upon receipt of cash or negotiable instruments and follow through to the time deposits are made.

a. Receipts are controlled to a receipting system in the Revenue Branch.

b. Fireproof safekeeping facilities are used for protecting receipts prior to disposition.

5. Control of Disbursements. The GAS accounting system provides control of disbursements by procedures designed to control expenditure authorizations and provide reconciliations of expenditures authorized and made by the Disbursing Officer. These controls include:

a. Documentary evidence to assure that goods and services were received, and that the quantity, quality, and prices

are in accordance with applicable agreements before payment is authorized.

b. Determination that goods and services are procured in accordance with applicable laws, and GAS polices. These considerations are designed to assure that purchases are made in the best interest of the Government of American Samoa.

c. Examination of all supporting documents prior to authorizing payment to insure compliance with the underlying contractual agreement and applicable laws and directives.

d. Maintenance of adequate control over disbursement documents at all times.

e. Periodic and unannounced audits of imprest funds held by cashiers.

6. Internal Audit and Reviews. The GAS accounting system is subject to continuous review by the GAS Internal Auditor, by the Department's Audit Operations staff and externally by the General Accounting Office.

IV. System Processing

A. General Description

The GAS accounting system is based on the concept of a single financial management system. In implementing this concept, the system design, process, and application employ one system of classification, including program, organization, activity, and project control. The intergration of the accounting and budgeting processes provides direct source data from one system of accounts for budget presentation and evaluation, supports budget

estimates and financial plans, stimulates economical program management and related applications. One of these relate applications includes direct in-put to the Department's PPB System. In practice, the entire financial management system is continuously reviewed and evaluated by qualified financial and technical personnel. The system review includes defining, analysing and integrating various operations and procedures into a unified system. Plans for the future will emphasize the use of the latest financial management techniques and to the extent practicable, automated processing.

B. Major Elements of the System

The system employs the double entry method of accounting applied on the accrual basis. The accounting system includes the following major elements.

1. Source documents which indicate that transactions have taken place, and which provide sufficient information upon which to prepare entries. These documents also contain the required authorizations and approvals.
2. The methods of recording original entries in categories consistent with general ledger control accounts.
3. A general ledger which contains the control balance of all accounts maintained in the accounting system.
4. Subsidiary ledgers which support and provide details for analyses of amounts recorded in the general ledger. Subsidiary ledgers are maintained for individual accounts

receivable, revenue transactions, individual payroll accounts, and accounts for accumulating costs by the uniform budget-accounting classifications.

5. Financial and related reports produced from the accounting records include those necessary to meet management and reporting requirements of a Government agency and for cost control.

6. The accounting system is designed to provide management with the information necessary to be sure that the several objectives of GAS are effectively and economically attained.

V. System Content

A. General Accounting Principles and Standards

The accounting system records and reports GAS's activities according to the prescribed accounting policies. Principal emphasis is on recording and reporting progress towards the accomplishments of GAS goals in terms of budgeted costs, actual costs, and related performance. The objective is to control costs at the supervisory level where cost responsibility exists. Responsibility areas are identified by the budget-accounting organization classifications at the organizational levels which contribute to the successful attainment of goals. The system also provides clear identification of functional activities within the responsibility areas through the use of activity accounts. To a more limited degree, the use of the objective classifications facilities financial control within

the organization. A work order accounting system is also used to identify segments of the construction program, trust and reimbursable work, and special maintenance and operations functions. The accounting system is continuously reviewed, analyzed, and refined so that it will effectively support management objectives, which are subject to change as the program changes. This support requires comprehensive presentations of appropriate financial and quantitative data.

1. Accounting System Structure. The structure of the accounting system consists of systematic financial records which are maintained and periodically up-dated to support resonsibility budgeting, accounting, and reporting. The system structure is governed by the following considerations:
   a. Requirements of a government agency.
   b. Requirements for internal management and cost control.
   c. Requirements for proper and clear guidelines to formulate effective and efficient procedures.
2. Accrual Basis of Accounting. The GAS accounting system is maintained on accrual basis. The system is maintained in accordance with generally accepted commercial and governmental accrual accounting principles. The system recognizes and records all material financial transactions and events which have an impact or effect on the financial condition of GAS. All costs and revenues are recorded as they occur for each accounting period. The accrual basis applied at GAS records obligations when incurred, liabilities when

goods and services are received, assets when acquired or constructed; income when earned, and expenses when incurred.

Each stage; i.e., obligation, accrued expenditure, expenditure; is carefully documented, but undue refinement is avoided. Minimums are established to preclude undue refinement in the processing of obligations each month.

3. Fund Control. The GAS accounting system provides fund control data for all available funds to assure that (1) funds are used for purposes authorized, (2) they are economically and efficiently used, (3) total obligations and expenditures do not exceed the amounts authorized, and (4) a complete record of fund transactions is provided.

Fund controls are established to document transactions within the appropriations administered through one allotment for each appropriation or grant. No further allotment of funds is made, although the Budget Office informs managers of the targets which are used as an element of control for monthly, quarterly and annual budget execution processes.

The basic statutes provide that obligations may not be incurred unless an appropriation or fund balance is available at the time such obligation is created, and that the appropriations shall be applied solely for the purposes appropriated. The basic concepts of GAS's accounting

system comply with applicable laws pertaining to the control of funds appropriated by Congress to GAS, local revenues and funds of others administered under grant agreements.

4. Obligation Accounting. The primary purposes of accounting for obligations are to prevent the incurring of obligations or the making of expenditures which would create deficiencies in appropriations and funds, and to assist in bringing about the most effective and economical use of appropriations and funds. The GAS accounting system is designed to provide the information that is necessary to accomplish these requirements of identification and control of obligations. The system provides for adequate obligation control within the formally administered allotments. The system standards provide an inter-relationship between the budgetary and accounting processes. In these processes, the significant obligation items are not only identified to the respective appropriation or grant as they occur, but they are also identified by the benefiting organization and functional activity. Objects of expenditures are also identified on each transaction. The accounting system is designed to provide obligation control that is compatible in system application with legal requirements, including Public Law 83-663, Section 1311, Public Law 89-473, Section 3678 and others as appropriate.

5. Cost-Based Budgeting. Under the GAS financial management information and reporting system, cost-based budgeting techniques are used for purposes of internal management in both the budget formulation and execution processes. GAS budget presentations are supported by an extension of these processes, which are based on actual costs and, to the extent practicable, on quantitative data as reported in a separate but related reporting system.

   a. Internal Relationships - Cost and budget information is fully integrated so that managers prepare their budgets, and receive accounting reports on identical terms. Actual costs and obligations are compared to budget cost targets on monthly basis, and significant variations are analyzed and explained to top management. Similar procedures are applied to quantitative work output data in areas where such data are produced.

   b. External Relationships - Costs and quantitative data that are processed and reported by the accounting system or in separate systems are an integral part of the budget presentations to the Governor's staff, the Samoan Fono, the Department and Congress.

6. Chart of Accounts. A general ledger is maintained to present the financial condition to GAS and summarize the day to day financial operations. The accounts present the assets, liabilities, revenues, and expenses as of a given date. The general ledger accounts serve as a control

for uniform classification of the detail transactions within the subsidiary ledgers and uniform presentation of the financial operations.

VI. Systems Applications.

A. Accounting for Cash Resources

GAS cash resources include fund appropriations and balances on deposit with the U.S. Treasury, the Bank of Hawaii, cash receipts and disbursements in-transit, cash receipts on hand, and imprest funds.

GAS's accounting system provides for accurate accounting for all cash receipts, disbursement authorization and fund balances as follows:

1. Cash receipts come under immediate accounting control through the use of a receipting procedure in the Revenue Branch and are deposited on a daily basis, insofar as practicable.
2. Disbursements are authorized only by designated certifying officers.
3. Major categories of cash resources, such as grant funds, are separately maintained, and handled in compliance with all legal requirements.
4. All personnel handling cash resources are bonded.
5. Reconciliations between Revenue Branch receipts, general ledgers, and certificates of deposit are periodically made by technical personnel.

B. Accounting for Receivables

The GAS accounting system is designed to account for amounts due from income tax, port fees, marine railway revenues, goods and services provided, various other sources and claims, such as overpayments and payments in error. The amounts due are determined on the accrual basis. The balances to the extent practical are recognized as earned and accounted for as an asset until collected or determined to be uncollectable.

1. The determination of amounts due are recognized as far as practicable in the period earned, by personnel other than those accounting for cash and receivable balances.
2. A general ledger control account and subsidiary ledger of accounts receivable are maintained and the two are reconciled on a monthly basis.
3. Accounts receivable balances are classified according to the nature of the activity creating the balance due.
4. Amounts due are determined in accordance with established tax rates, telephone and power rate schedules, port and airport fee schedules, applicable contractual agreements or other arrangements applicable to individual debtors.
5. Amounts due are regularly reviewed and aged to determine overdue balances. Aggressive collection procedures are established to avoid delinquent accounts or to encourage payment of delinquent amounts, and conditions are established to justify write-offs in accordance with the

requirements of the General Accounting Office, the Governor's Office, and the Attorney General.

C. Accounting for Property and Materials

The GAS accounting system provides for the accounting and control of property and material resources. The financial segment of the requirements is implemented as an integral part of the accounting system.

1. Plant Accounts. The GAS accounting system includes requirements for plant accounting as follows:
   a. All additions and retirements of real and personal property are accomplished by a work order system.
   b. Increases to fixed asset balances are on the basis of original cost of the property. Transfers from other Federal agencies are included at fair market value.
   c. Fixed asset account balances are segregated by type, i.e., land, roads, schools, utilities, etc.
   d. Fixed assets are charged with applicable overhead costs.
   e. Records of GAS property are maintained showing cost, quantity and location.
2. Principles of Capitalization. Expenditures for property are capitalized when they significantly increase the usefulness, service life, productivity, capacity, or monetary value of an asset. A perpetual inventory of property is maintained and priced, based on units of property.
3. Physical Inventories. Physical inventories of expendable and non-expendable materials and supplies are taken at

regular internals and reconciled to control accounts. An initial physical inventory and appraisal of fixed assets will be made and thereafter inventories of fixed assets will be based on design drawings and selected site physical inventories. The physical inventory function is an integral part of the efficient management of these assets and is consistent with generally accepted commercial standards.

D. Accounting for Liabilities

The GAS accounting system provides for the identification and recording of all liabilities on an accrual basis. Liabilities representing the amounts due others for the receipt of funds, property, services rendered, and for other purposes in accordance with operating or contractual arrangements are accounted for as follows:

1. Basic Principles and Standards:

   a. The accounting system recognizes liabilities as they occur and provides a basis for their recording.

   b. Subsidiary and general ledger records on liabilities are reconciled on a monthly basis.

   c. Payments of liabilities are processed on a timely and systematic basis in keeping with accepted commercial accounting practices and disbursement procedures, taking advantage of trade discounts to the maximum practicable extent.

   d. Amounts recorded as liabilities are supported by the

contractual arrangement which give rise to the liabilities.

e. Separate accounts are maintained for major categories of liabilities.

2. Contractor's work in process. Liabilities for contractor's work in the process of completion are established according to the terms of the contract. Partial payments are authorized and the liability established when the goods or services provided are determined to be acceptable to GAS based on contractors' progress reports and reports of GAS inspectors.

3. Leave Liabilities. (Unfunded at present) The accounting system accrues in GAS accounts and discloses in the financial reports the cost and related liability for accrued annual leave as of the close of each accounting period, based on the funded reserve for accrued leave. The reserve is created by a loading charge on employees' effective time charged to the work accounts. The loading charge covers all annual leave earned, and the estimated amount of all other types of leave to be taken during the year. The reserve balance is thus the approximate amount of annual leave remaining to the credit of GAS employees. Periodic reviews are made of the employees' annual leave balances and significant variations are adjusted by changing the leave loading rate.

E. Investment of the U.S. Government.

The net investment of the United States in the GAS program is disclosed through systematic recording of all transactions which affect the proprietary interest of the Government. GAS maintains separate controls and accounts to disclose all major elements of the Government's investment, consisting of the following:

1. Investment of U.S. Government:
   a. Congressional appropriations.
   b. Local revenues.
   c. Transfers from other Federal agencies, net.
   d. Less - non-asset producing expenditures.
2. Status of Appropriations. Accounts are maintained to provide the current status of all appropriations by disclosing allotments, obligations, expenditures, and balances for each appropriation.

F. Accounting for Revenues.

1. Recording and Controls Employed. The revenue accounts comprise a primary segment of GAS's system of accounts. Revenues are derived from the taxes, fees, utility services, etc. The accounting system is designed to provide for the following controls to insure that all revenues are recorded in the period earned, and all billings are timely and accurately prepared:
   a. Revenues are recorded as earned and the related records include all the data necessary to issue the billings,

and record the transaction.

b. Separate accounts are maintained to clarify the major types of revenues.

c. The standards for documenting revenue transactions are prescribed within the accounting system.

d. Prepaid revenues are recorded as a liability until the revenues are actually earned.

G. Accounting for Costs of the General Governmental Operations and Construction

1. General Principles Underlying Cost Accounts. The GAS accounting system assembles and records all elements of cost on the accrual accounting basis, and these costs are recorded in the GAS operations or construction program, as applicable. The processes and out-put of cost accounting are systematically integrated and related to budgeting, accounting and managerial information requirements.

a. All elements of costs are identified on the accrual basis, and recorded, accumulated and distributed in the period incurred.

b. All elements of costs are identified by the uniform system of budget-accounting classification, i.e., appropriation, organization, activity, object or purpose and when appropriate by work orders to identify specific segments of the program.

c. Financial plans and budget estimates are developed, based on cost data in the executive, administrative,

general governmental, operating and maintenance programs. Cost and obligation data are each used in the control of various segments of the construction program.

d. Costs are accumulated to measure the resources consumed in accomplishing a specific purpose, activity, or program, and are related to cost targets and wherever possible to quantitative measurable work out-put.

e. Cost reports are designed to coincide with assignments of responsibility at the lowest practicable levels.

2. Overhead Costs. Overhead costs are distributed based on direction of effort studies of the organizations in which they originate. In some cases, overhead costs are originally charged to the normal activity for the facilitating organization and the applicable portion redistributed to the Construction or other benefiting activity. Rates and methods are reviewed annually, and statistical quantitative bases are used to the maximum extent feasible.

3. Losses. As a Government agency, GAS does not carry commercial issurance against losses. Minor losses, such as minor damage to property, are normally charged to the asset account or general operation and maintenance account according to the activity to which the minor damage applies. Large property losses are charged against the Federal investment. Losses due to breakage, leakage, evaporation, etc., in warehouse stock, are charged to

58-160 O - 71 - pt. 1 --40

Store Expenses - Clearing.

4. Leave Costs. The (Unfunded at present) cost of annual leave earned and other leave taken is recorded in the cost accounts, by use of a loading factor applied to direct labor costs.

   The loading factor used includes the total amount of annual leave earned during the period, and an amount for other leave which is based upon the amounts of other leave expected to be taken. Other leave includes sick, administrative, and maternity leave. Variations between estimated other leave and actual other leave taken are corrected by adjusting the loading factor applied.

   The effect of this practice is to expense or capitalize the cost of leave each pay period and establish a reserve account against which all leave taken is charged. The result of this is to disclose a liability through the balance in the reserve account, in an amount equal to the cost of annual leave which has been earned, but not yet taken. This balance is verified periodically by comparing it with the aggregate annual leave balances to the credit of the individual employees.

5. Clearing Accounts. Clearing accounts are established to collect the costs of service which are applicable to any organizations and impractical to distribute as earned. Costs distributed through clearing accounts

include:

a. Stores expense.

b. Transportation expense.

c. Heavy Equipment expense.

d. Indirect Costs.

Distribution rates are used to charge the benefiting activities with the balances accumulated in the clearing accounts. The rates are determined by detail cost analyses and are reviewed at least annually. The principal objective is to charge current users with their applicable portion of the current costs and thus maintain the clearing accounts at a near "zero" balance.

H. Accounting for Pay, Leave, and Allowances

The GAS accounting system provides for the processing of pay, leave, and allowances in a prompt, efficient, accurate, and legal manner. Principles and standards applicable to pay, leave, and allowances due GAS personnel include:

1. Designated responsibility for time and attendance records starting at the supervisory level.
2. The segregation of payroll preparation from other duties.
3. Payroll records are maintained to support current pay, accumulate leave balances and record daily time, including a distribution to the benefiting activity.
4. Centralized preparation and distribution of checks by the Disbursing Officer, GAS.

5. Subsidiary accounts representing earnings, retirement, bond amounts and other deductions are maintained and periodically reconciled to the general ledger control accounts.

6. Compliance with all legal requirements and agreements, i.e., Civil Service pay regulations, GAS contract employees pay regulations, and Samoan pay schedules, graded and ungraded.

EXHIBIT A - Government of American Samoa Budget Program Status Reporting Criteria.

1. Departmental and activity managers are responsible for accomplishing programs within the frame-work of monthly budget targets originally prepared by each department and activity and approved and issued by the Budget Office. The sum of the monthly target amounts is equal to the total annual budget as approved by the Governor.

2. It is recognized that changes in the work program may be required during the year which could not have been foreseen at the time the forecasts were prepared. These changes may require funding adjustments and are reviewed on a quarterly basis excepting those items of an emergency nature. Formal adjustments to program and associated cost target revisions are acted upon in accordance with the following criteria and approval authority.

   (a) Nature and Purpose of Changes. Changes and costs targets are not made for the purpose of covering work which has already been performed or costs which have already been incurred. Program changes require program and budgetary approval in advance of execution.

   (b) Budget Approval. The Department Head submits required adjustments and cost targets to the Budget Office. If

the adjustments are inter-activity and non-interdepartmental, the Budget Office may approve these adjustments upon proper justification in any amount up to $5,000. Adjustments must be approved by the Governor if they:

(1) Cause an increase in the total funding requirements for any department.

(2) Change the funds available for any one organizational or program code (exclusive of direct construction work) by more than $5,000.

(3) Cause the estimate for a construction budget item to be exceeded by 15 percent or more.

(4) Commit savings of a completed construction project in order to finance projected overruns of another construction project within the 15 percent limitation.

(5) Create obligations to other departments for which they are not funded.

(6) Commit the GAS beyond the current operating year.

3. Adjustments requested by department heads are reported promptly to the Budget Office by memorandum in order to assure that operating reports reflect current program plans. Requests for changes of cost targets originating in an activity bear signatory approval of the responsible department head. If the request requires the Governor's approval, it is submitted to the Governor through the Budget Office. Such requests are

are not initiated until the budgetary resources of the department have been thoroughly reviewed, and the conclusion has been reached that there is no way in which the adjustment can be financed within the currently available funds for existing authority.

4. Reporting

(a) The Budget Office, in conjunction with the Accounting Branch, is responsible for preparing and distributing the monthly Budget vs. Expenditure Reports which are followed by Program Status Reports. The Budget vs. Expenditure Reports and the Program Status Reports are submitted to the Governor with copies to the Departments within 15 and 20 days respectively after the end of the accounting period. These reports are structured in accordance with the standard budget format.

(b) The standard format includes:

(1) A total budget column.

(2) Year-to-date and monthly columns showing:

a. Budget.

b. Expenditures.

c. Obligations incurred.

d. Total expenditures and obligations.

e. Over or under amounts.

The amounts shown in the "budget" columns represent the official cost targets issued. The amounts shown in the

"actual" columns represents the actual costs plus obligations which have been incurred by the activity. The amount shown in the "variance" columns are unbracketed if the budget amount exceeds the total expenditure and obligation amount and are bracketed if the budget amount is exceeded by the total expenditure and obligation amount.

(c) The most important part of the report is program status, which is an explanation of significant deviations from program targets. The report is narrative and is an analysis of the statistical report. It explains areas of possible savings as well as areas of possible overruns. To assure that explanations are meaningful and useful, the managers are consulted by the Budget Officer and the following guidelines apply in their explanation of deviations:

(1) Explanations of deviations not only answer the questions of <u>what</u>, but of <u>why</u>. If an organization has exceeded its cost target, merely to identify the objects exceeded does not, in itself, constitute an explanation. The "why" must be known. Was it due to an inadequate estimate, or was more work done than was programmed? If more work was done than programmed, what made it necessary? What affect will this have on the total program?

Are there any other areas that will have to be cut back? Will the changes more effectively accomplish the goals as budgeted? Do these changes stay within budgetary guidelines?

(2) To what extent do the reductions actually represent savings that can be recaptured in order to meet other priority needs of the GAS, as opposed to the postponement of needed requirements to a later period?

(3) Was the cost target exceeded by advancing the approved annual program item to an earlier date than scheduled time? If so, should this have been preceded by a request for adjustment in the cost target of the month affected?

(4) Were cost targets exceeded as a result of conscious supervisory decisions to commit the GAS for an item that was not budgeted or programmed? If so, was this decision made with budgetary approval?

(5) If actual amounts are less than budgeted because of greater than anticipated position lapses, was this caused by difficulty in finding qualified applicant or by unexpected turnover in positions that were filled at the time of the forecast? To what extent did these greater-than-anticipated position lapses impair program accomplishment?

Note: The above suggestions are intended to clarify, by way of illustration what is wanted in the explanations of deviations. It is recognized that estimates are just that--estimates. Managers must always try to make them as accurate and reliable as they possibly can by basing them on the most current and most reasonable assumptions that can be made at the time of forecast preparation. In essence, a good explanation of deviations compares what happened to those assumptions.

Governor HAYDON. We do feel we are on a reasonable course now. We know what our needs are. I have tried to keep the committee more well informed than in the past. I have sent in reports of all studies we have made. I believe we have lived up to the guidelines we established in 1969, and we have tried not to take on Federal programs that don't fit our priority needs. We have turned down a number of these for which there is no real need in American Samoa.

Mr. MCDADE. Like what, Governor?

Governor HAYDON. Programs for the aged, for example. We have a different social and cultural system where the aged are taken care of automatically by the family. The kinds of programs offered don't relate to the cultural and social life in Samoa. The older people of Samoa live with the family, are fed, respected, and taken care of. This sort of thing just doesn't fit us. That type of thing we don't take.

I have, however, sorted out those types of programs which we could use and I have kept the committee informed as we sought them out. We tried to get, just as we discussed in the first hearing I appeared, people to come on a short-term basis, suck them dry of their expertise, and let them go home. The only buildup we've had is of two people: one of them is a full-time social security officer who is training a Samoan to replace him at the end of his first year; and the other to identify well drilling sites. This is something that can't be done in a couple of weeks. He will be there for a year and will lay out well drilling sites.

WATER DEVELOPMENT

Mrs. HANSEN. Have you had good results in your well drilling or have you hit a lot of dry wells?

Governor HAYDON. Well, we have had some dry wells, but the bulk of the wells have come in. I am not an engineer, but this is very similar to the way water is obtained in Hawaii. It is floating down below, water is down there. We get a lot of rain. We can't trap enough of it with catchments, so by going to a well drilling system we not only get a steadier supply of water, but clean water. Our surface water is dirty—full of bugs and sticks. The water from wells, however, is extremely potable.

Mrs. HANSEN. Have you ever detected an earthquake while you were drilling these wells?

Governor HAYDON. I don't think we have had an earthquake in the 21 months I have been here. We had a little shake one day but I don't think we have had a recorded earthquake since I have been there.

The water itself, being a volcanic island, it is floating on salt water; and, if you overpump it, it becomes saline. We intend to continue this system, plus tying in all the normal catchment system that we use, because we have had in the past year, days of water rationing, in spite of our heavy rainfall.

Mrs. HANSEN. What is your rainfall per year?

Governor HAYDON. Anywhere between 2 and 200 inches. The tanks catch some and the rest goes to sea. This is the problem. We have been trying to follow up on the Wolf Management Economic Report, and I think almost all of their suggestions have been worthwhile, and we have been trying to implement them. Many of them have been implemented already.

SPECIAL ANALYTIC STUDIES

We added to the Wolf report a series of small studies, a list of which I have sent to the committee, particularly in things like solid waste disposal and areas not covered by Wolf. Our basic problems include such things as nine villages without any roads or water transportation facilities. This means the people are leaving the villages and creating very bad urban congestion.

I would like to pass this book to Congressman Wyatt so he can look at it and pass it down and he can see our largest village and the way the roads are there. We found out our medical services activity needed some real help and have been able to obtain a very marvelous man, Dr. Lowell Weise, as Director of Medical Services. He has made a very complete reorganization of the hospital.

Mrs. HANSEN. What is his origin?

Governor HAYDON. He came from the University of Hawaii and has a degree in public health and has practiced privately. He has been a hospital administrator. He is a very humane man, and we all feel he has done a tremendous job in Samoa. The constant complaints I had been getting about the hospital have dwindled away.

We do have contaminated water supplies for a large percentage of our schools. About 88 percent have inadequate sewage, and there is totally inadequate fire protection.

The first picture in the volume I am passing around is the destruction of our legislature building by fire. By normal terms, 75 percent of the population has inadequate housing; there is 26 percent unemployment; per capita income is less than one-third of the United States; and so on. I think I discussed these things last year. They are in the statement and there is probably no need for me to go over them again.

COMPREHENSIVE PLANNING

The fiscal year 1972 budget, we feel, is our first comprehensive budget that results from exhaustive studies and good economic planning. Personal inspections have been made, not only by me, but by many members of my staff. The problems are in the field—on the site. To really understand what is wrong and why people live certain ways and what we have to do to change this it is imperative we review the problems firsthand.

We now have a grant control officer. There is no looseness, no one spends money without getting permission and making sure there is a budget for it. We have a fine PPBS man, Mr. Verlander, who has meant a great deal. We try to work diligently.

Mr. Verlander is young, but he is very strict. He is often thought to be the most hated man in the Government because he will not let people spend money when it does not exist. It is important that we have a person like him.

EARLY CHILDHOOD EDUCATION

Our early childhood education program, I think, you have been appraised of.

Mrs. HANSEN. Yes, this is something that needs to be implemented in all of our underprivileged areas including the Indian reservations and urban areas in the United States.

Governor HAYDON. We believe we have the highest per capita educational program for our preschool youngsters than any territory or State at the present time. We will have virtually all of our children in it, 98 percent anyway, largely due to the work of Dr. Betty Johnson who has trained the teachers. Soon, her job will be taken over by a young Samoan woman.

COMMUNITY COLLEGE

One thing we are very proud of is our community college. You know you said if we could find some shell of space we could have a community college which is probably the funniest community college in the world. It is located in several buildings in the downtown area. We had a full-time equivalent enrollment in the first semester of 495 last year. As of March 1, we have a total enrollment of 976 with a full-time equivalent enrollment of 781 people. But we have had to dredge to get the teachers. Some people are moonlighting, coming at night and teaching.

Our students are everything from just out of high school to up to 60 years old. It is a marvelous thing to see it going. A combination, of course, of heavy emphasis on English instruction and a reinstitution of the vocational training that we have not had for a long time.

GENERAL EDUCATION

Now in our elementary program we are building new classrooms and our 1972 budget requests additional classrooms. The student-teacher ratio is running about 23 to 1.

Mr. VERLANDER. We have had a strong upgrading in our secondary system to strengthen the English comprehension of the high school students. The teacher-student ratio at this time is 1 to 19.

Governor HAYDON. We are now going to dark days by having no television at the high school level to get the students caught up on their English. The testing evaluation shows the high school graduate is a minimum of at least 4 to 6 years behind that of a U.S. stateside graduate with the eighth graders behind by almost 3 years. There is just no chance for them to go on and complete higher education until they are educated further.

The kids are basically smart, but the TV has not done the job. The picture is a little brighter in the elementary system. The English comprehension is a great deal better. Our director is a very dynamic man and is making a lot of changes using several new techniques that are very interesting.

I think for the first time, at least since I have been there and in light of what I have read about in the last several years, that we are on course in our educational program. It has not been easy.

SEWERAGE

We still have the same needs for sewerage. We have an active sewerage program. The sewer main is going in in the bay area. This is simply a matter of money. The bay will continue to be polluted until we have enough money to finish the sewer main all the way around the bay.

We are requiring that the canneries put in, according to contract, better machinery for handling their effluent.

ECONOMIC DEVELOPMENT

As far as economic development is concerned, we do show an 8 percent increase in employment in 1970 and a 13 percent increase in worker income. This is against an average goal of 6 percent on employment and 12 percent on income. Our unemployment, which has been 26 percent, is approximately at 21 percent now, based on stateside participative standards.

Mr. McDade. What was the unemployment figure?

Governor Haydon. It was 26 percent a year ago; 21 percent now.

Mr. McDade. What is the 5 percent drop attributed to?

Governor Haydon. Our fishing went down; it is back up again, and we just have a hotel opened. The economy is a little better than it was a year ago. We are a one-industry town, tunafish.

Mrs. Hansen. Are any of your tunafish polluted, Governor?

Governor Haydon. I think all of that came from Puerto Rico.

Mrs. Hansen. Are your tunafish runs reliable each year?

Governor Haydon. Yes; we think so. You may know Hawaii, Guam, the Trust Territories, and Samoa have formed a nonprofit development corporation called Pacific Islands Developing Corp., created primarily to exploit the skipjack tuna which is not taken at all. The Bureau of Commercial Fisheries estimates there are 100,000 tons of these fish available on sustainable yield basis if we can figure out how to catch them by seineing.

We have had two meetings and a short test cruise for seiners last year. Our staff fisheries people are meeting in California the end of this month and I think we will get research boats in all four areas; trust territories, Guam, Hawaii, and Samoa. These will be financed in part by the National Marine Fisheries Service, the industry itself and, to a smaller degree, by the territories, at least those of us who have it to use.

We are doing our own program in what we call pole and line fisheries. Our first boat will arrive March 26 on which we will actually teach young men to fish. The pole and line boats will go out on daily trips while the long liners and seiners will fish way out in extended periods of time. The little boats and small cruisers will fish in our indigenous waters.

We have established the 12-mile limit since we have found that news of U.S. territorial limits had not quite gotten down there. So we have that now. We have a tremendous bay pollution program against fishing vessels. We have not taken advantage of the Federal act, but we have been fining up to $500, and are now raising it to $1,000 for bay pollution. We found out we are running out of customers now that we make it stick.

Mr. Wyatt. Governor, is your new nonprofit corporation coordinating at all with the new skipjack operation?

Governor Haydon. Yes, through the National Marine Fishing Service and through industry. They are the ones who are making the money. The universities are also involved. The University of Hawaii, as are the territorial fishing people themselves and who are just a handful of

people. We have had some cooperation with western Samoa. But American Samoa happens to be in an enviable position in that we have a relatively inexpensive cost of labor.

Except for Hawaii there is no other canning in the South Pacific. So whatever fish by and large are caught, a goodly portion are going to have to come to us. Some to Hawaii and others that can be shipped to Puerto Rico. But it doesn't make a lot of sense to ship Palau tuna to Hawaii when Samoa is so much nearer.

We are offering new tax exemption to the existing canneries. We set a minimum tonnage basis over which production must be reached before we allow the exemption. This will offer the canneries an incentive to put in rather substantial financial investment.

LEGISLATIVE PARTICIPATION

One thing I should say in conclusion is that while our system has not been perfect, our budget has been developed through a joint budget review committee with our legislature. For the past year and a half, for the first time in Samoa as history, we have continuous budget review committee meetings and we are now setting up with the four gentlemen who came from the Fono an even more workable system in American Samoa.

MAJOR INCREASES—FISCAL YEAR 1972

The major increases in our budget include those that are built in due to increased wages, increased school enrollment, and growing population. These amount to roughly $2.1 million. About $300,000 is for the full-time legislature and for the Office of the Delegate-at-large; $600,000 is for the implementation of the retirement plan for all GAS employees with about $2 million for new construction. This is basically for classrooms, sewage disposal, clean water, some roads, the first phase of our second electrical generating plant, solid waste disposal, parks and recreation, seawalls, and miscellaneous other projects.

1971 UNOBLIGATED FUNDS

Our major problem was inheriting a great deal of construction work that was undesigned. Since we do not want to get back into the situation of constantly overruning, I have required final design that means something to be completed before projects are begun.

We have an unobligated balance that is quite high but will be reduced substantially between now and the end of June. Public works personnel are working like mad on designs and we have placed a great deal of emphasis on using local Samoan contractors to undertake many construction projects.

Our larger jobs, however, have to go to people with the technology and equipment to handle them. But we are even going to contract out some of our road jobs, sewerage work and similar more sophisticated projects. We think that by the end of the fiscal year the carryover won't be much over $690,000.

A lot of things can go wrong to complicate our situation. We have a terrible leadtime in Samoa. After the President signs the budget, we

have a minimum leadtime of 3 months to get equipment and machinery into the country. Consequently, half or better of the year is gone.

It makes it very, very tough. But I hope, as planning shows, the carryover will be about $700,000 at the end of fiscal year 1971.

STATEMENTS BY REPRESENTATIVES OF THE SAMOAN LEGISLATURE

Mrs. HANSEN. I wonder, Mr. Speaker, if you would like to make any comments at this time?

Mr. UTU. Madam Chairman, honorable members of the House Appropriations Subcommittee, first, I would like to extend the appreciation of the Legislature of American Samoa and thank you people for the continuing interest of the subcommittee to the welfare of American Samoa.

As you know, the territory of American Samoa is very proud of its relationship with the United States. It is the only U.S. territory in the South Pacific and we hope that the funds appropriated by Congress and the programs you have given us from year to year will assist us in developing American Samoa, and the United States to be proud of us.

It is not our goal to continue asking Congress for more money every year in the future. We hope that as this program presented by the Governor, in which the legislature also approves, continues to help us develop our own economy, we will be asking less and less from the U.S. Congress. We also hope that this will not be too far into the future.

I will add that the legislature approves the programs by the Governor of American Samoa and his other good work to help us in developing our own program. He also referred in our budget arrangements and working together. We have our Budget Review Committee in which we work together with the Executive to try to balance out differences in Samoa before we come to the United States.

This is a very good step forward. As reported by the Governor, you will note that the $300,000 have been added to the legislative budget for the next fiscal year. This is to pay the expense of the full-time legislature. This will be the first time in our history that our legislature will have a full-time status and we hope that the members will be able to spend more time working and developing the laws of American Samoa. We trust that the programs presented by the Governor will be reviewed by the Department of the Interior and we are also grateful for the assistance of Mrs. Farrington and her office in trying to assist us in the administration of the territory.

As you all know we have our delegate-at-large in Washington and we all have much faith in the territorial service. This is one of the developments, we hope, to be able to speak for ourselves.

We also have continuing direct contact with Members of Congress and all other agencies in which we would like to have health assistance, in addition to our Governor and the Office of Territories.

We know the people of Samoa will continue to be happy and, as it stands, with the difficult task you are trying to undertake to assure the continuation of our budget every year.

We thank you very much for the opportunity to speak to you and your time to listen to us.

Mrs. HANSEN. May I say that we appreciate your taking the time and trouble to come this far to meet with us. I have been very proud of the fact that for the last 4 or 5 years we have had the members of the legislature from the Trust Territory, American Samoa, and Guam meet with us and discuss the problems legislature to legislature.

Speaker Utu, this committee takes pride in the fact that we have asked the Governors of American Samoa to recognize the dignity of the legislature in their budgetary mechanism and in their operation. I think this single step can be attributed to this committee.

Before this came about when a Governor didn't want to fund a project it was left for the legislature to fund. I think now there is a clear-cut design between the legislative branch and the executive branch. We are delighted to have had the opportunity to encourage this type of cooperation.

I may say I think it came about as a result of the Samoan Legislature coming and meeting with the members of this committee.

The distinguished president of the Senate, Mr. Reed, do you have anything that you care to say?

Mr. REED. Madam Chairman, and your distinguished members. You just heard the statement by our Governor for the operation of our government in fiscal year 1972. We have reviewed and revised our budget by our priority. This program which you are reviewing is badly needed for the welfare of our people. I might add, that our people are presently sharing the responsibility in terms of income and other revenue measures. We are looking forward for the day that we can come here and inform you that we no longer need your financial support.

The annual financial report supports this view. In closing, may I express our thanks on behalf of the legislature for what you have done. I can assure you that the legislature is working closely with the committee to fulfill the needs of our people.

Mrs. HANSEN. Thank you, Mr. President. We deeply appreciate your cooperation.

The very distinguished Senator, Mr. Tuiolosega, do you have any comments?

Mr. MIKE TUIOLOSEGA. Madam Chairman, I think we have a good budget. Although we need more money, we came in for a much smaller budget. I guess we all have to take what we can get.

We appreciate the opportunity to speak before you, Madam Chairman. The speaker of the house and the president of the senate have already stated our full support of the budget presentation. We are behind it and we know every penny of it counts for the welfare of our people. We have our goals like roads, water, transportation—just as the Governor stated. These are major problems. Transportation is one of our biggest problems. We have outlying islands for which we are trying to get transportation improved. The Governor is trying his best and everybody is trying his best. We hope some day all of these goals will be achieved.

As you see in our budget for roads, we are working for improvement on one of our secondary roads. Although it is not fully sufficient, we appreciate that it is going to be started. As the Governor mentioned, improvement of roads would bring more products to our

marketplaces. We have outlying villages where the lack of transportation makes them nonaccessible. We hope to open up these villages so the people will cultivate their lands and then bring their produce to market to provide food for our people.

That is all I have to say, Madam Chairman, and honorable members.

Mrs. HANSEN. Thank you very much, Senator. We appreciate having you here today and we are well aware of the transportation problems in Samoa. They are not unlike some of the transportation problems in our own country.

Representative Meridith, do you care to make any comments?

Mr. MEREDITH. Thank you, Madam Chairman, and honorable members of the committee. This is the biggest moment in my life because after 8 years in the Ways and Means Committee I finally made it up here.

Our language is limited. But we have three words, "faafetai le alofa," and those three words express appreciation, gratitude and love.

Mrs. HANSEN. I can't think of any nicer three words.

Mr. MEREDITH. Without love, faith, and hope we would not exist, and we really appreciate being here with our Governor and members. I have nothing else to say because they have already covered everything we need back at home. Thank you, Madam Chairman.

Mrs. HANSEN. Thank you, Representative Meredith. I may say that anybody who has served on the Ways and Means Committee of any legislature for 8 years is entitled to a trip to Washington to sit with the Appropriations Committee.

Mr. MEREDITH. Thank you, Madam Chairman. I just made it. It is a good thing I got reelected, otherwise I would never have made it.

Mrs. HANSEN. Thank you so much, Representative Meredith. May I assure all of you who are here from the Samoa Legislature today that we warmly welcome you and invite your participation in our hearings.

JUSTIFICATION MATERIAL

We will insert the justifications pages 19 through 105 in the record at this point.

(The material follows:)

3. AMERICAN SAMOA

GOVERNMENT OF AMERICAN SAMOA

	Actual 1970	Estimate 1971	Estimate 1972	+ or - over '71	Interior Budget Authority	Sources of FY 1972 Funds: Local Revenues. Local Appr.	Local Revenues. Other Rev.	Other Fed. Grants	Total
	$	$	$	$	$	$	$	$	$
A. Direct Appropriations									
Governor's Office	222,846	220,963	239,500+	18,537	239,500	-0-	-0-	-0-	239,500
Judiciary	123,096	206,400	235,000+	28,600	235,000	-0-	-0-	-0-	235,000
Legislature	91,584	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Appropriations	437,526	427,363	474,500+	47,137	474.500				474,500
B. Grants									
1.Legislature	43,542	180,700	480,870+	300,170	-0-	480,870	-0-	-0-	480,870
2.Health Education & Welfare									
Dept. of Education	4,766,755	5,714,500	6,636,500+	922,000	4,967,000	600,000	33,000	1,036,500	6,636,500
Dept.of Med.Serv.	2,400,480	2,551,600	3,089,600+	538,000	649,500	1,962,000	130,000	348,100	3,089,600
Dept.of Leg.Affrs.	608,970	777,100	890,530+	113,430	572,230	162,000	20,000	136,300	890,530
Local Judicial	27,305	15,930	36,040+	20,110	-0-	-0-	36,040	-0-	36,040
Public Defender	23,937	31,400	32,290+	890	-0-	32,290	-0-	-0-	32,290
Civil Defense	13,567	17,200	20,000+	2,800	-0-	10,000	-0-	10,000	20,000
Local Government	116,698	124,700	181,200+	56,500	-0-	181,200	-0-	-0-	181,200
Office of Samoan Information	87,882	88,462	130,140+	41,678	-0-	130,140	-0-	-0-	130,140
	8,045,594	9,320,892	11,016,300+	1,695,408	6,188,730	3,077,630	219,040	1,530,900	11,016,300
3.Economic & Industrial Development									
Dept. of Agriculture	384,975	369,219	430,590+	61,371	28,845	331,745	70,000	-0-	430,590
Office of Marine Res	72,888	201,461	139,950-	61,511	-0-	34,990	-0-	104,960	139,950
Office of Manpower Resources	182,578	206,344	247,850+	41,506	-0-	227,850	-0-	20,000	247,850
Office of Tourism	52,141	55,487	54,730-	757	-0-	19,730	35,000	-0-	54,730
Office of Development Planning	17,496	68,000	190,000+	122,000	-0-	43,000	-0-	147,000	190,000
	710,078	900,511	1,063,120+	162,609	28,845	657,315	105,000	271,960	1,063,120

	GOVERNMENT OF AMERICAN SAMOA				Sources of FY 1972 Funds				
					Interior	Local Revenues.		Other	
	Actual	Estimate	Estimate	+ or -	Budget	Local	Other	Fed.	
4.Operations and Maintenance	1970	1971	1972 (1)	over '71	Authority	Appr.	Rev.	Grants	Total
Dept.of Public Works	1,586,161	1,571,921	1,826,500+	254,579	1,286,962	466,538	73,000	-0-	1,826,500
Dept.of Port Admin.	355,036	403,880	477,535+	73,655	-0-	87,535	390,000	-0-	477,535
Office of Comm.	209,246	232,027	244,500+	12,473	-0-	49,500	195,000	-0-	244,500
	2,150,443	2,207,828	2,548,535+	340,707	1,286,962	603,573	658,000	-0-	2,548,535
5.General Administration									
Dept.of Admin.Serv.	558,981	574,556	724,930+	150,374	191,409	193,521	340,000	-0-	724,930
Audit Office	21,010	34,000	46,200+	12,200	32,200	14,000	-0-	-0-	46,200
Executive Office	17,236	-0-	0-	-0-					
Motor Pool & Tele.	-0-	308,779	-0- -	308,779	-0-	-0-	-0-	-0-	-0-
	597,227	917,335	771,130-	146,205	223,609	207,521	340,000	-0-	771,130
6.Construction	1,456,114	1,966,421	3,743,545+	1,777,124	2,995,354	489,651	-0-	258,540	3,743,545
Sub-total Grants	13,002,998	15,493,687	19,623,500+	4,129,813	10,723,500	5,516,560	1,322,040	2,061,400	19,623,500
Total Grants and Direct Approp.	13,440,524	15,921,050	20,098,000+	4,176,950	11,198,000	5,516,560	1,322,040	2,061,400	20,098,000
C. Recap of Total Requirements									
Grant Requirements	13,002,998	15,493,687	19,623,500+	4,129,813					
Less:Local Revenue	5,023,500	5,753,100	6,838,600+	1,085,500					
Applied Carry-over	370,940	826,350	-0- -	826,350					
Other Federal Grants	823,084	1,110,600	2,061,400+	950,800					
Net Grants Required	6,785,474	7,803,637	10,723,500+	2,919,863					
Total Direct Appr.	437,526	427,363	474,500+	47,137					
Total Grants and Direct Appr.	7,223,000	8,231,000	11,198,000+	2,967,000					

(1) Adjusted to reflect telephone and motor pool revolving fund implementation.

GOVERNOR'S OFFICE

FY 1971 - $220,963; FY 1972 - $239,500; Increase $18,537.
This program is funded entirely by Interior Budget Authority. The increase consists of:

Increase (+) or Decrease(-) Amount	Positions	Total Program	Total Positions	Explanation
(1)-$ 4,532	- 1 USCS + 1 Samoan CS + 1 Samoan	$ 178,112	3 USCS 2 Samoan CS 8 Samoan	Cost of normal step increases for stateside and Samoan employees plus 1 new Samoan position.
(2)+ 21,901		47,000		Increased travel for 3 US CS employees home leave plus business trips.
(3)+ 1,100		3,100		Increased utilities for new offices.
(4)+ 1,528		4,000		Consultant fee provisions
(5)- 389		2,288		Reduction in material and supply costs.
(6)- 1,071		2,500		Decrease in funds needed for Office equipment replacement.
+ 18,537	-1 USCS + 1 Samoan CS + 1 Samoan		3 USCS 2 Samoan CS 8 Samoan	

(1) One Samoan stenographer position has been established at a cost of $4,139 to handle increased correspondence which is being generated as a result of rapid Territorial development. One stateside Special Assistant to the Governor has been replaced by a Samoan at a total savings of $16,224. Step increases total $ 4,715 and the GAS retirement plan implementation is budgeted for $2,838.

(2) Prior years travel allocations have been very conservative. General official travel is budgeted to cost $10,000 more in 1972. Major increases result from budgeting Special Assistant's travel to budget hearings and related business ($6,000) and consultants' travel expense ($4,000). $11,901 is budgeted for home leave travel and transportation costs for three stateside employees and their families.

(4) Prior years' budgets have not provided for consultants' fees. In 1972 it is expected $1,528 will be spent for that purpose.

The Governor, who is the Chief Executive of American Samoa, provides leadership, establishes policies, administers and coordinates the Executive Branch of the Government of American Samoa with the other two Branches of the Territorial government and with the United States Department of the Interior. His duties are comparable to those of a state governor and town mayor. He is assisted by the Lieutenant Governor and two Special Assistants.

The Governor's program in FY 1972 will emphasize management efficiency to improve government operations and program effectiveness.

CHIEF JUSTICE AND HIGH COURT

FY 1971 $172,600; FY 1972 $235,000; Increase $62,400. This activity was funded jointly by Interior budget authority and local revenues in FY 1971. It will be financed entirely by Interior budget authority in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ 172,600	$ 235,000	$+ 62,400
Local Appropriations	33,800	-0-	- 33,800
Other Local Revenues	-0-	-0-	-0-
Other Federal Grant Funds	-0-	-0-	-0-
Total Program	$ 206,400	$ 235,000	$+ 28,600

The increase of $28,600 over FY 1971 consists of:

Increase (+) or Decrease (-)

	Amount	Positions	Total Program	Total Positions	Explanation
(1)	+ 14,422	+2 US CS -1 US Cont +2 Samoan	$197,030	6 US CS 1 US Cont 10 Samoan	Retirement Program, normal step increases, wage reclassifications, one new US position and two new Samoan positions.
(2)	+ 8,362		17,171		Increased travel & transportation costs due to stateside personnel turnover and operation of lower courts.
(3)	+ 3,300		7,980		Increased utility costs to pay for previously unbilled telephone costs and for expanded court facilities.
(4)	+ 2,800		3,250		Printing costs for lower court forms and instruction books.
(5)	+ 1,825		2,300		Increased machine and office repair.
(6)	+ 2,300		3,550		Increased materials and supplies for expanded operations.
(7)	- 4,409		3,719		Decrease in office and courtroom equipment.
	+ 28,600	+2 US CS -1 US Cont. +2 Samoan		6 US CS 1 US Cont. 10 Samoan	

(1) In order to reduce the backlog of civil cases as well as handle increased litigation, the following positions will be established:

1 US Court Reporter	$ 13,093
1 Secretary	5,000
1 Interpreter	4,200
3	$ 22,293

The GAS Retirement plan will cost approximately $5,329. Funding for a Samoan Associate Judge ($5,000) will be transferred to the Local Judicial activity in FY 1972. In grade changes as a result of new appointments will provide $8,200 of savings.

The judicial system of American Samoa consists of the High Court and five District Courts. The High Court has island-wide jurisdiction and includes Probate, Trial, Lands and Titles, Traffic and Appellate Divisions.

The Chief Justice of American Samoa administers the Judiciary Branch and is independent of the Executive and Legislative Branches. The Chief Justice and two Associate Justices are assisted by six Samoan lay judges who sit on all courts except the Probate Division. They are also assisted by a Clerk of the High Court, two Deputy Clerks and a Law Clerk.

In 1970 local legislation was passed to reestablish a village Court system. The move was made to provide the villages with a more effective means to handle law enforcement--particularly to deal with the number of juvenile offenders. The high Court, in order to establish a uniformity of case handling, will be required to provide a uniform code of village regulations and summons and complaint as well as closely train and supervise the previously untrained 59 village magistrates.

The Village Courts will somewhat relieve the volume of litigation that is rapidly increasing due to the expanding population, higher sophistication of the Samoan people and increasing legislation. To make the court system operate as efficiently as possible, however, a lower court system is proposed. This section will consist entirely of Samoan personnel and will be responsible for trying traffic violations, small claims less than $300, selected misdemeanors, land and title cases and juvenile transgressions. The more serious offences will be tried in the High Court Divisions and any final appeals will be tried in the Apellate Division.

It is expected that this two-tier court system will reduce the backlog of civil cases so that no case will be on the docket for more than sixty days.

BACKLOG OF CIVIL CASES

	1962	1965	1968	1969	1970
January	15	45	196	239	385
February	13	46	214	217	418
March	19	41	205	213	411
April	20	55	***	216	385
May	20	51	***	222	301
June	18	46	***	285*	269
July	18	45	***	321*	
August	20	50	210	286	
September	21	62	231	294	
October	22	73	240	297	
November	24	64	245	320	
December	22	62	259	330	

* The figures for June and July of 1969 are not a true reflection of the growth rate. During this period there were a number of debt actions filed against the same defendants on notes owed to the bank.

*** Figures not available.

LEGISLATURE

FY 1971 -0-; FY 1972 -0-; Increase -0-. This Branch was funded entirely with local revenues during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ -0-	$ -0-
Local Appropriations	180,700	480,870	+ 300,170
Other Local Revenues	-0-	-0-	-0-
Other Federal Grant Funds	-0-	-0-	-0-
Total Program	$180,700	$480,870	+$300,170

The program increase of $300,170 over FY 1971 consists of:

Increase (+) or Decrease (-)

Amount	Position	Total Program	Total Positions	Description
(1) +$235,529	+ 1 Samoan	348,450	1 US Cont. 45 Samoan	Increased wage costs due to implementation of fulltime Legislature, retirement plan implementation and additional salary expense for Delegate at Large.
(2) + 10,600		37,320		Increased travel and transportation costs.
(3) + 400		2,200		Increased utility costs.
(4) + 900		3,900		Increased printing for added legislation.
(5) + 17,600		17,600		Expenses related to codification of the laws of American Samoa and official entertainment.
(6) + 30,250		60,500		Delegate at Large housing, office & personal expenses.
(7) + 2,405		3,600		Increased materials and supplies usage due to implementation of fulltime Legislature.
(8) + 2,486		6,600		Office Equipment for House and Senate Hearings Rooms and Legislative Counsel staff
+$300,170	+ 1 Samoan		1 US Contract 45 Samoan	

(1) The salaries of the members of the legislature will be increased from $600 to $6,000 per year in accordance with the implementation of a full-time legislature. The President of the Senate and Speaker of the House will receive an additional $1,500 each. Two full-time secretaries, one for each house, will be hired for a total cost of $9,000. A duplicating machine operator ($1,900) will be eliminated.

An increase representing one-half the salary of the Delegate at Large ($12,500) is also reflected since this post was only held for six months in FY 1971. Step increases for the present staff will be $2,049 and the implementation of the GAS retirement program will cost $14,935.

(2) Travel and transportation costs for stateside employee turnover, Delegate at Large, attendance of the Legislative Counsel at BOB and Congressional budget hearings and the National Legislative Conference, and House and Senate travel to the budget hearings, National Legislative Conference, National Legislative Leadership Conference, South Pacific Conference, Pacific Area Travel Association Conference and local inter-island travel.

(5) The 1969 Legislature made the Legislative Reference Bureau responsible for codification of the laws of American Samoa. It is expected that this work will be done by the Legislative Counsel with assistance from a legal publishing company at a cost of $12,000.

In addition, the legislature has never had an official entertainment allowance. $5,600 is proposed for this purpose.

(6) The Delegate at Large has been granted the following sums annually for:

Office Staff Expense	$35,000
Housing	15,500
Official Expenses	10,000

In FY 1971 this post was held for one-half year. Therefore, an increase of $30,250 in FY 1972.

(8) The hearings rooms of the Legislature are not adequately furnished. A total of $2,405 will be spent for 24 executive chairs. The remainder of the expenditures cover the cost of new office equipment for the full-time secretaries to the House and Senate and for the Reference Bureau.

The Legislature of American Samoa consists of 18 Senators and 21 representatives. The Senators are elected by Samoan custom which requires the candidates to be High Chiefs and the electorate to be county chiefs. Representatives, on the other hand, are elected by popular vote under universal suffrage.

In addition to the Legislature having the authority to pass legislation having local application, it is now actively involved in all phases of budget preparation which includes the establishment of objectives and goals, program development, program priorities and oral presentations to the Bureau of the Budget and the Congress.

In 1972 the local legislature is to become a full-time body in accordance with the Constitutional Amendment (SJR 3) which will be referred to the people during the general election held in November 1970. This will enable the legislature to meet the increasing legislative demands placed upon it by the rapidly developing society.

So that the legislators will be relieved of possible conflicts of interest, their salaries will be increased to $6,000 per annum and they will not be allowed to be employed by any other branch of the government. The development of a full-time legislature will be a fundamental step toward political stability and advancement in American Samoa.

DEPARTMENT OF EDUCATION

FY 1971 $4,250,716, FY 1972 $4,967,000; Increase $716,284. This activity is financed jointly by Interior Budget Authority, local revenues and other Federal grants as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ 4,250,716	$ 4,967,000	+$ 716,284
Local Appropriations	607,500	600,000	- 7,500
Other Local Revenues	398,284	33,000	- 365,284
Other Federal Grants	458,000	1,036,500	+ 578,500
	$ 5,714,500	$ 6,636,500	+$ 922,000

The increase of $922,000 over FY 1971 consists of:

Increase (+) or Decrease (-)

Amount	Positions	Total Program	Total Positions	Explanation
(1) + 413,016	-24 US Cont. +217 Samoan	4,048,722	116 US Cont. 857 Samoan	Normal step increases and expansion, major program thrust in Early Childhood Education and implementation of GAS Retirement Plan.
(2) + 35,600		245,216		Increased costs due to motor pool implementation
(3) - 1,051		169,510		Decrease in rent and utility costs.
(4) + 66,742		141,742		Increase in printing costs due to expanded program
(5) - 96,761		196,280		Decrease in OJT costs and other services.
(6) + 24,184		247,873		Equipment purchases for ETV replacement program.
(7) - 98,230		100,000		Reduced stateside scholarship program
(8) +578,500		1,036,500		Other Federal Grants
$922,000	-24 US Cont. +217 Samoan		116 US Cont. 857 Samoan	

(1) The following positions have been changed from contract to Samoan in keeping with the policy of filling stateside positions with qualified Samoans. This has resulted in salary savings of $63,105.

1 Assistant Director of Education - Elementary
1 Assistant Director of Education - Secondary
2 Lesson Editors
6 Principals
1 Education Specialist
1 PE Instructor
3 Television Instructors
15

In addition, the following reorganization changes will be made in 1972. Early Childhood Education and Vocational Education expansion is emphasized while other area changes reflect enrollment patterns.

U. S. Contract

(1)	Supervisor of Guidance	($ 14,000)
2	Teachers	21,800
(2)	Television Instructors	(26,388)
(1)	Assistant Director, Business	(16,000)
(1)	ETV Coordinator	(16,000)
(2)	Principals	(28,000)
(1)	Supervisory Teacher Trainer	(15,000)
(1)	Teacher Trainer	(10,000)
(2)	Classroom Teachers	(18,000)

Samoan

(1)	Principal	(6,356)
(2)	Assistant Principals	(11,147)
(1)	Assistant Supervisor	(9,204)
(1)	TV Instructor	(5,780)
1	c.c. Material Curriculum Producer	7,415
11	Vocational Instructors	86,030
1	Librarian	7,850
1	ECE Material Curriculum Producer	2,300
1	ECE Supervisory Teacher	2,600
3	ECE Asst. Supervisory Teachers	3,384
159	ECE Part-time Teachers	102,714
19	Cooks (Part-time)	18,386
4	School Lunch Staff	10,072
4	Clerical/Janitorial	9,719
3	Bus Drivers	6,927
193		$ 103,322

In addition, normal step increases account for $240,006, related increases in personnel benefits $17,533 and implementation of the retirement plan $115,260.

(5) As the Community College is implemented less emphasis will be placed on the job training since basic skill development before job placement will be stressed. This will result in a program reduction of $75,000. Outside consultant cost decreases make up the remainder.

(7) Scholarship assistance to Samoans for off-island training will be reduced as the Community College is developed since most grantees will need additional academic development before they will be able to effectively participate and compete in stateside institutions.

(8) An increase in the use of other Federal grants is planned to continue present programs as well as more efficiently carry out vocational training guidance and counseling, remedial, pre-school and school lunch programs. The specific grants are as follows:

Grant	Amount	Purpose
ESEA Title I	196,000	Special development of language for remedial students.
ESEA Title II	30,000	Library books for schools.
ESEA Title III	175,000	Model project implementation.
ESEA Title IV	16,500	Coordination and planning of Federal grants.
ESEA Title V	73,000	Strengthening the education department's personnel.
LSCA Title I	30,000	Library books for public libraries.
LSCA Title II	20,000	Public Library construction.
PL 80-329	8,000	Adult basic education film.
HEA Title V	40,000	Early Childhood Education teacher training.
PL 95-76	100,000	Community College Vocational education.
MDTA Section 231	100,000	Short term projects to meet immediate training needs of unemployed labor force.
USDA National School Lunch Act	248,000	School lunch nutrition assistance.

The primary goal of the Department of Education is to teach Samoans skills and abilities which will enable them to become useful citizens of their communities or to successfully compete in the United States for higher education or jobs. Although somewhat in conflict with this objective, emphasis will be placed on maintaining the Samoan identity -- the knowledge of and respect for Samoan tradition and culture so that another people will not be without a history.

The instructional television system of the Government of American Samoa will have been in operation for eight years by 1972. During this period the system has made rapid advances; but, it has also had its shortcomings. After comprehensive studies made in 1970 by instructional experts, many of these weaknesses have been identified. FY 1972 represents a year in which the problems will be realistically dealt with so that the total education system of Samoa can be assured of meeting its stated goals.

Recognizing the special burdens of Samoan children who are required to learn a different language, to cope with isolation and to bridge two cultures, the early childhood education will be developed to reach approximately 98% of the 3,500 three and one-half, four and five year olds during FY 1972. This compares to 2,200 children in FY 1971. In addition, class frequency will be increased as much as 300%. In order to accomplish this expanded program, 159 additional part-time teachers will be trained and added to the early childhood education staff at an annual cost of $120,000.

The elementary level of education has been successful, but several mid-course adjustments will be made to enhance the total educational program. More intensive English language in-service work for students as well as for Samoan classroom teachers will be offered. Moreover, classroom teachers will be more fully involved in curriculum and course planning by reducing individual television instructors' loads so that each can spend more time exchanging ideas with his classroom counterpart.

The secondary program will be directed toward increasing the level of English language competency to provide an adequate base for expanded learning. The amount of television instruction will be reduced in the high schools by making maximum use of short, intensive language courses both for students and teachers. Remedial instruction will be offered to those in need and pre-vocational training will be upgraded to complement the Community College.

The Community College was established in the Spring of 1970 and will be placed into full operation during fiscal year 1972 to provide a skilled labor force for American Samoa. During the first years of operation English proficiency will be stressed to enable the students to assimilate the vocational concepts being taught. Once the students have a working knowledge of the English language, they will be able to enroll in trade classes. Initially, this curriculum will include shop related, secretarial, business, clerical, agricultural, fishery and restaurant courses. In addition, the teacher training program will be continued and strengthened to complement elementary and secondary efforts.

MEDICAL SERVICES

FY 1971 -0-; FY 1972 $649,500; Increase $649,500. This department was funded entirely with local revenues and other Federal agency grants in FY 1971. Funding will be provided by Interior budget authority, local revenues and other Federal agency grants in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ 649,500	+ $649,500
Local Appropriations	2,211,600	1,962,000	- 249,600
Other Local Revenues	-0-	130,000	+ 130,000
Other Federal Grants	340,000	348,100	+ 8,100
Total Program	$2,551,600	$3,089,600	+ $538,000

The program increase of $538,000 over FY 1970 consists of (1971 figures adjusted to include other Federal grants by object class).

Increase (+) or Decrease (-)

	Amount	Position	Total Program	Total Position	Explanation
(1)	+$318,995	+ 8 US Cont. + 16 Samoan	$2,198,054	26 US Cont 352 Samoan	GAS retirement Normal step increases, and the addition of 8 contract positions and 16 Samoan positions.
(2)	+ 75,073		138,053		Increased travel costs for new statesiders and professional meetings and increased motor pool costs.
(3)	+ 37,527		100,767		Increase in telephone, electricity and rent costs.
(4)	+ 1,730		4,580		Increase in printing costs.
(5)	+ 27,750		117,736		Increase for maintaining hospital plant and equipment.
(6)	+ 55,651		496,636		Normal increase in cost of supplies and materials for normal operations.
(7)	+ 21,274		33,774		Initiation of regular equipment replacement program
	+$538,000	+ 8 US Cont. +16 Samoan		26 US Contract 352 Samoan	

(1) In order to solve the professional staff shortages of the hospital the following stateside positions will be created in 1972:

1	Records Librarian	$11,000
1	Medical Technologist	10,000
2	RN Supervisors @ $10,000	20,000
1	Housekeeping Manager	8,000
2	RN Instructors @ $10,000	20,000
1	Medical Equipment Specialist	12,000
8	Total Stateside additions	$81,000

To supplement these positions and to meet expanding resident medical services requirements, the following local staff changes will be made:

(1)	Records Librarian	(9,000)
2	PH Nurses	6,470
8	Nurses @ $2,546	20,368
1	Admitting Supervisor	3,998
1	Clerk @ $2,108	2,108
1	Dental Practitioner	6,994
1	Dental lab technician	6,994
1	Dental assistant	2,273
2	Mechanic/Sanitarians @ $2,403	4,806
1	Clerk Typist	2,347
(1)	Laundry worker	(1,893)
16		$45,465

Normal step increases for employees will cost an additional $110,346 in FY 1972 and the implementation of the GAS retirement plan will require a $82,184 increase in personnel benefits.

(2) $26,000 will be needed for travel and transportation of new contract employees and their families to American Samoa. Motor pool rental will cost $17,000. Medical staff travel to conferences to enable employees to keep abreast of technological developments will cost $16,000 while travel for visiting specialists in the fields of radiology, ophthalmology, orthopedics and pathology is budgeted for $7,200. By using the part-time services of visiting specialists, American Samoa can take advantage of these individuals' expertise which cannot be justified on a full-time basis. The remaining travel and transportation cost increase of $8,873 is attributable to regular staff turnovers.

(5) Extraordinary maintenance costs for the hospital are reflected in FY 1972 because fiscal constraints in FY 1971 necessitated only "emergency" maintenance. In FY 1972, a regular maintenance program will again be reinstated.

(6) The increase in supplies is based on a 9% increase to meet higher patient visit projections and a 4% basic materials cost hike over FY 1971.

(7) No regular equipment replacement program has been implemented within the Medical Services Department. In American Samoa, the average life of equipment such as dental chairs, x-ray machines and operating tables is less than three years because of high humidity and salt-laden air. It is mandatory a regular equipment replacement program be initiated if adequate medical care is to be provided to the inhabitants of the Territory. $10,017 is budgeted for new lab equipment, $2,120 for housekeeping equipment and $9,137 for medical/surgical equipment.

The responsibility of this department is to provide medical services for all residents and to provide preventative medical care education.

The Tropical Medical Center was completed in FY 1968 and has a 194 bed capacity serving a population of 28,500. The table below indicates the increased usage of the facility since 1969:

	Actual 1969	Actual 1970	Estimate 1971	Estimate 1972
Patient days of hospitalization	29,600	30,500	32,000	34,300
Outpatients service (including dispensaries)	220,000	240,000	273,000	300,000
Population/bed ratio	7.1	7.0	6.9	6.7
Immunizations	37,000	42,000	48,000	54,000

In FY 1971, the Legislature of American Samoa, in light of severe medical doctor and practitioner staff shortages, reprogrammed $113,600 to the Department of Medical Services for three additional physicians and professional staff pay increases. These levels will be maintained in FY 1972 in addition to emphasizing the following program implementation and expansion:

(1) Use of visiting specialists for medical training and patient treatment on a part-time basis.

(2) Improved housekeeping techniques to maximize sanitary conditions at the hospital.

(3) Implementation of a preventative maintenance program for plant and equipment.

(4) Implementation of an equipment replacement program.

(5) Continuation of public health services emphasizing prevention.

LEGAL AFFAIRS AND PUBLIC SAFETY

FY 1971 $45,100; FY 1972 $572,230; Increase $527,130. This department was funded jointly by Interior budget authority, local revenues and Federal grants not requiring Interior budget authority. This type of funding will continue in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ 45,100	$572,230	+$527,130
Local Appropriations	412,253	162,000	- 250,253
Other Local Revenues	219,747	20,000	- 199,747
Other Federal Grants	100,000	136,300	+ 36,300
	$777,100	$890,530	+$113,430

The program increase of $113,430 over FY 1971 consists of (1971 figures adjusted to include other Federal grant by object class):

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) +$178,187	-1 US CS +2 US Cont +2 Samoan	$766,887	1 US CS 4 US Cont. 130 Samoan	Normal step increases, addition of 2 new Samoan and 1 US contract positions and implementation of the GAS retirement plan.
(2) + 561		20,113		Decreased travel and transportation partially offset by increased motor pool costs.
(3) - 11,098		9,500		Rent and utilities were over-budgeted in 1971.
(4) - 1,450		5,000		Decrease in printing costs.
(5) - 13,500		15,500		Decrease in remodeling costs at prison
(5) + 3,200		34,000		Increase in supplies and materials for expanded training programs
(6) - 42,470		39,530		Fire equipment purchases made in 1971 are non-repetitive.
+$113,430	- 1 US CS + 2 US Cont. + 2 Samoan		1 US CS 4 US Cont. 130 Samoan	

(1) The police and fire departments have been upgraded and reorganized under a Commissioner of Public Safety ($12,000 per year). Police and fire positions have been reclassified and will result in a total pay increase of $100,826 including merit advancements. A warden position ($6,000) and a cook ($3,500) have been added to upgrade the staffing at the newly remodeled Correctional Facility. The implementation of the GAS retirement plan will cost $29,940 with an additional $25,921 to be programmed for personnel benefits related to pay increases.

(3) Rent and utilities for the LEAA program were erroneously overbudgeted.

(6) In 1971, the Legislature of American Samoa reprogrammed $35,000 to purchase a pumper truck. The remainder of the decrease is attributable to reduced equipment purchases by LEAA.

The Legal Affairs Department provides all services related to legal, police, fire and immigration activities for the Government of American Samoa. Due to increasing population, investment and inhabitant social sophistication, all program elements of this department must be expanded.

Criminal investigations are projected to increase by 200 to a total of 1700 in 1972. Due to the social system (faa-Samoa), it is estimated that 40% of major felonies and 75% of misdemeanors are not reported. As the social system changes, however, it is expected that more crimes will be committed and that a higher percentage of crimes will be reported thus increasing police protection and legal workloads.

A major effort to reduce crime will be started in conjunction with implementation of recreational programs and prisoner rehabilitation. In order to effectively reduce criminal activity, though, policemen must be trained and wages must be increased (presently a new recruit is offered $2,699 per annum) to attract talented personnel. The training phase was implemented in FY 1971 and salary increases commensurate with increased responsibility are proposed for 1972.

Presently the fire-fighting capability of the territory is substandard. Major property values have been constructed without related fire protection capability. Consequently, a $20 million fish cannery complex is essentially without independent fire protection while the new Samoan village, government office complex, power generating plant and other major values in outlying commercial and residential are totally without independent fire protection. In FY 1971 as a result of two serious bay area fires, the Local Legislature was prompted to provide emergency funding to improve fire protection by reprogramming local revenues in the amount of $70,000. These enabled the purchase of a small pumper truck and the addition of twelve firemen to the staff. This level of operations will be continued in FY 1972 with heavy emphasis to be placed on fireman training and the establishment of volunteer fire brigades. As in police work, the fireman has many responsibilities and high risk of life--Payscale restructuring is therefore proposed to increase wages of firemen from $2,526 to $3,200 per year.

LOCAL JUDICIAL

FY 1971 -0-; FY 1972 -0-; Increase -0-. This activity was funded entirely by local revenues during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ -0-	$ -0-
Local Appropriations	15,930	-0-	- 15,930
Other Local Revenues	-0-	36,040	+ 36,040
Other Federal Grants	-0-	-0-	-0-
Total Program	$15,930	$36,040	+$20,110

The program increase of $20,110 consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) +$20,460	+1 Samoan	35,340	8 Samoans	Reclassification of Associate Justices and 1 new Associate Justice position.
(2) - 50		750		Decrease in motor pool costs.
(3) - 300		-0-		Elimination of material and supplies.
+$20,110	+1 Samoan		8 Samoan	

(1) Five Samoan Associate Judges will receive salary increases of $2,400 each due to reclassification. A sixth Associate Judge position ($5,000) will be added in 1972 to meet increasing workloads. The implementation of the retirement program accounts for $1,610 which personnel benefits related to pay increases will amount to $1,850.

The Local Judicial activity serves in an advisory capacity to the High Court on all matters relating to Samoan culture and custom. The primary function of the Associate Judges is to hear land and title disputes which are rapidly increasing as land ownership is becoming diluted by the terrific population expansion.

PUBLIC DEFENDER

FY 1971 -0-; FY 1972 -0-; Increase -0-. This activity was funded entirely by local revenues during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ -0-	$ -0-
Local Appropriations	31,400	32,290	+ 890
Other Revenues	-0	-0-	-0-
Other Federal Grants	-0-	-0-	-0-
	$31,400	$32,290	+$ 890

The program increase of $890 above 1971 consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) +$3,144		$28,075	1 US Cont. 2 Samoan	Terminal leave pay, increase for legal assistant of $1,964 and retirement program implementation account for increases.
(2) - 1,704		3,050		Decreased travel costs due to stateside employee turnover.
(3) + 250		300		Increased utility costs.
(4) - 800		-0-		Elimination of contractual services required during Legislative sessions.
+$ 890			1 US Contract 2 Samoan	

(4) The Assistant Public Defender, who was also the President of the Senate in FY 1971, is in charge of defending traffic violators. In the past, legislative duties have required this individual to be absent from his job approximately 25% of the time during which a Samoan Legal Practitioner had to be hired as a substitute. Because of the implementation of a full-time legislature in FY 1972, this conflict will be eliminated.

The Public Defender's Office represents all defendents who desire such representation when being prosecuted for either criminal or misdemeanor offenses by the Attorney General. The development of American Samoa has been accompanied by criminal activity increases which cause related increased work loads to be placed upon the Office of the Public Defender.

CIVIL DEFENSE

FY 1971 -0-; FY 1972 -0-; Increase -0-. This activity was funded entirely by local revenues and federal grants not requiring Interior budget authority during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ -0-	$ -0-
Local Appropriations	8,600	10,000	+ 1,400
Other Revenues	-0-	-0-	-0-
Other Federal Grants	8,600	10,000	+ 1,400
Total Program	$17,200	$20,000	+$2,800

The program increase of $2,800 over 1971 consists of:

Increase (+) or Decrease (-)

	Amount	Positions	Total Program	Total Positions	Explanation
(1)	+$2,800		$14,446	2 Samoan	Normal salary increases and retirement program implementation

The Office of Civil Defense is responsible to prepare the inhabitants of American Samoa to meet emergency situations caused by civil riots, natural disasters, war and other types of emergencies. One half of the total program for this activity is financed PL 81-900 and PL 85-606 under the National Civil Defense program.

LOCAL GOVERNMENT (Includes Parks and Recreation which was a separately budgeted activity in 1971)

FY 1971 -0-; FY 1972 -0-; Increase -0-. This activity was funded entirely with local revenues during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ -0-	$ -0-
Local Appropriations	99,500	181,200	+ 81,700
Other Local Revenues	25,200	-0-	- 25,200
Other Federal Grant Funds	-0-	-0-	-0-
Total Program	$124,700	$181,200	+$56,500

The program increase of $56,500 over FY 1970 consists of:

Increase (+) or Decrease (-)

	Amount	Positions	Total Program	Total Positions	Explanation
(1)	+$17,880	- 1 US Cont. + 2 Samoan	$135,812	94 Samoan	Normal step increases, retirement plan implementation and the addition of 2 Samoans partially offset by the cancellation of 1 US position.
(2)	+ 10,590		11,800		Travel costs for Samoan athletic participation in the South Pacific Games.
(3)	+ 1,450		2,500		Increased utility costs.
(4)	+ 400		750		Increased printing costs.
(5)	+ 20,700		22,000		Participation of Samoa in State Council on Arts and Flag Day administration
(6)	+ 580		2,100		Normal increase in supplies and materials
(7)	+ 4,900		5,500		Equipment for sports program.
	+$56,500	- 1 US Cont + 2 Samoan		94 Samoan	

(1) Two District Sports Supervisors ($4,500) are added to the Parks and Recreation to enable more children to participate in this highly successful program. Increased office business necessitates the addition of a secretary ($2,852) and a district clerk ($1,945). The US contract position of Sports Supervisor and two janitors are cancelled in 1972 for a savings of $13,480. Normal step increases account for $14,945 and the retirement program implementation is budgeted to cost $7,118.

(2) $10,590 is budgeted so that Samoa may be represented in the South Pacific Games. This is a very beneficial program that enables the youth of American Samoa to become goodwill ambassadors to other countries while, at the same time, more aware of its neighboring nations.

(5) $15,000 is budgeted for American Samoa to participate in the State Council on Arts. As American Samoa becomes developed, many of the cultural aspects of the society are being lost. By developing a strong Arts Council, this territory will be able to maintain its cultural qualities as well as develop new forms of enjoyment. An additional $5,000 will be used for Flag Day program administration and $700 for public relations.

(7) Sports equipment was unbudgeted in FY 1970 and 1971. To maintain program continuity, it is essential that a minimum of football, basketball and softball equipment be purchased.

The Local Government is the link between the central government and the village. Its purpose is to achieve a self-reliant governmental system at the grassroots level. Aid and supervision is provided by this department to district governors, county chiefs, village mayors, and village policemen. This office also conducts local elections.

In addition to the above, this activity is deeply involved in youth assistance through its recreational program. Major emphasis is placed on intramural sports and other specialized activities for different age groups (teenage centers, Boy Scouts, etc.). These activities are particularly important in an isolated area with limited recreational alternatives such as American Samoa.

OFFICE OF SAMOAN INFORMATION

FY 1971 -0-; FY 1972 -0-; Increase -0-. This activity was funded entirely by local revenues during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ -0-	$ -0-
Local Appropriations	-0-	130,140	+ 130,140
Other Local Revenues	88,462	-0-	- 88,462
Other Federal Grant Funds	-0-	-0-	-0-
Total Program	$88,462	$130,140	+$ 41,678

The program increase of $41,678 consists of:

Increase (+) or Decrease (-)

	Amount	Positions	Total Program	Total Positions	Explanation
(1)	+ $16,033	+ 1 US Cont.	$82,387	3 US Cont. 9 Samoan	Addition of one stateside position, normal step increases and retirement program implementation.
(2)	+ 6,161		7,361		Travel and transportation for the turnover of two stateside employees and motor pool rental for one vehicle.
(3)	+ 8,792		8,892		Utility costs which have not previously been budgeted.
(4)	+ 1,700		9,500		Increase in printing costs due to expanded publication of the daily NEWS BULLETIN
(5)	+ 1,000		3,000		Normal increase for supplies and materials.
(6)	+ 7,992		14,000		Equipment for radio station.
	+$ 41,678	+ 1 US Cont.		3 US Contract 9 Samoan	

(1) An additional stateside position, Assistant Public Information Officer, was created at a salary of $11,000. He will expand the local community reporting capability of this office. Normal pay increases account for $3,249 and the retirement program will increase costs by $1,784.

(3) Utility costs have not been budgeted by this office in the past. The estimated costs are: Telephone service $3,000; Electricity $5,192; and oil for the emergency generator $600.

(4) The NEWS BULLETIN is distributed to all schools for student involvement in local and world-wide current events.

(6) The following equipment replacements are required at the radio station: Air conditioner to replace original unit installed in 1968, $2,000; emergency power 40 KW generator to make the radio fully independent of the central power source during storms and emergencies (the present generator is military surplus and is over 15 years old), $6,000; and normal replacement of miscellaneous tubes, transistors and minor equipment components, $6,000.

The Office of Samoan Information is responsible for all of the information dissemination activities of the Government of American Samoa. This includes operation of the Territorial radio station, publication of the daily NEWS BULLETIN, compilation of the annual report and publication of special information pamphlets and documents.

This office is particularly vital during emergencies. The radio station, the only communications medium that can reach all inhabitants of the territory, is used to alert and keep the populace informed of all impending disasters such as tsunamis, typhoons, hurricanes and other dangers.

AGRICULTURE

FY 1971 -0-; FY 1972 $28,845; Increase $28,845. This department was funded entirely by local revenues during FY 1971. Funding will be provided by Interior Budget Authority and local revenues in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ 28,845	+$28,845
Local Appropriations	369,219	331,745	- 37,474
Other Local Revenues	-0-	70,000	+ 70,000
Other Federal Grant Funds	-0-	-0-	-0-
Total Program	$369,219	$430,590	+$61,371

The program increase of $61,371 consists of: (1971 amounts exclude Marine Resources to reflect management reorganization).

Increase (+) or Decrease (-)

Amount	Positions	Total Program	Total Positions	Explanation
(1) +$14,261	-4 US Cont +6 Samoan	$276,190	1 US Cont. 67 Samoan	Normal step increases, retirement program implementation and 6 new Samoan positions partially offset by the elimination of Contract positions.
(2) + 4,100		14,200		Increase in Taputimu Farm lease and utilities
(3) + 1,050		2.800		Increased printing costs for agriculture promotion
(4) + 10,500		15,200		Increase in consultant services and heavy equipment maintenance.
(5) + 15,650		89,650		Increase in supplies and materials for livestock programs.
(6) + 12,910		19,950		Increase in Equipment purchases.
(7) + 2,900		2,900		Prizes for Farm Fairs and other agricultural contests.
+$61,371	-4 US Cont. +6 Samoan		1 US Cont. 67 Samoan	

(1) One heavy equipment mechanic position $3,600, one stock control clerk ($3,305) and one head livestock farmer position $3,821 will be added to the Samoan staff. The US contract position of assistant supervisor ($12,000) will be eliminated since the Samoan staff capability has increased. The following stateside positions will be filled by Samoans: Director; Assistant Director; Assistant Supervisor. $4,647 is budgeted for normal step increases and the implementation of the GAS retirement plan will cost $10,888.

(2) The lease for the experimental farm property expired in 1971. It is expected to be renegotiated at an additional annual cost of $4,100. Utility cost increases account for the balance.

(4) An extensive agriculture program is being undertaken in 1972 to more fully utilize the natural resources of American Samoa. In order to take advantage of several areas of agricultural expertise yet minimize the staffing of specialists, consultant services will be solicited in the areas of crops, and livestock. Travel, expenses and fees will cost approximately $4,000 in 1972. The remainder of costs in this category will be for heavy equipment repair.

(5) The expanded program of livestock production accounts for the major portion of the supplies and materials increase. A beef cattle herd will be started with 200 cattle at a cost of $20,000. Farmers will be encouraged to raise chickens for meat and egg production. A supply of 20,000 chicks will be purchased in 1972 at a cost of $10,000. Establishment of a local granery will partially offset these increased outlays.

(6) The following equipment purchases will be made for new program implementation and program expansion.

Feed Mill	
Feed mixer	$ 1,000
Grain crusher	1,800
Holding tanks	2,000
Air conditioner	1,000
	$ 5,800
Experimental Farm	
Tractor	$ 7,110
Total	$12,910

The Department of Agriculture consists of the Office of Director, Experimental Farm, Extension Service, and Entomological Division. The primary function of this department is to provide service to local farmers which will enable them to increase production and more fully utilize available lands.

Farm sizes are small (average one acre) and technical ability is extremely unsophisticated. In 1969 only 182 people (all were aliens) worked for cash incomes on commercial farms whereas 5,000 remained either full-time or part-time subsistence workers.

Virtually no vegetables, fruits, dairy or meat products are produced locally. Poultry production is developing, but it is still far from meeting even the minimal demands of American Samoans.

The poor performance of this industry can be traced to three basic factors:

1. The American Samoan attitude toward farm work is extremely negative although one acre of taro will produce an annual net income of $1,000.

2. Inadequate transportation facilities have not allowed economical transport of produce from farm to market and has therefore retarded the development of prime, but isolated, farm lands.

3. Inadequate farm extension work of the past has resulted in reduced agricultural production since poor planting techniques were used and disease went undetected and unchecked.

In order to alleviate this economically and socially unhealthy situation a greater emphasis will be placed on extension and experimental services offered to local farmers. A viable program of educating American Samoans in the attitudinal acceptance of farm jobs as well as new methodological approaches to farming will be actively pursued. Extension work is expected to directly reach 135% more people in 1972 than it did in 1971 as a result of the accelerated program being offered.

To develop additional protein supplies for the American Samoan diet, poultry meat production will be encouraged and a beef cattle ranch will be established with the expectation that it will be sold to a farmers' cooperative as the program proves its viability.

Expanded services will be offered in land clearing programs, 4-H club sponsorship and agricultural inspections of incoming and outgoing air and sea cargo.

MARINE RESOURCES (previously budgeted in the Department of Agriculture)

FY 1971 -0-; FY 1972 -0-; Increase -0-. This department was funded entirely by local revenues and Federal grants other than Interior Budget Authority during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ -0-	$ -0-
Local Appropriations	70,461	34,990	- 35,471
Other Local Revenues	-0-	-0-	-0-
Other Federal Grants	131,000	104,960	- 26,040
Total Program	$201,461	$139,950	-$61,511

The program decrease of $61,511 consists of:

Increase (+) or Decrease (-)

Amount	Positions	Total Program	Total Positions	Explanation
(1) +$ 6,829	+ 2 Samoan	95,673	3 US Cont. 15 Samoan	Normal step increases, job reclassifications funding for 2 new Samoan positions and retirement program implementation.
(2) + 5,920		7,920		Increased travel and transportation costs for turnover of 2 stateside employees, and motor pool rental.
(3) + 700		1,500		Increased utility costs.
(4) + 2,000		2,000		Printing costs for report publication
(5) - 7,800		3,000		Decrease in boat maintenance costs contracted to outsiders. Work to be done in House.
(6) + 2,783		13,000		Increase in materials and supplies for expanded research.
(7) - 78,800		10,000		Research vessel purchase for $78,800 in 1971 is not recurring and other equipment purchases will be reduced.

	Amount	Positions	Total Program	Total Positions	Explanation
(8)	+ 6,857		6,857		Dock facilities.
	-$61,511	+ 2 Samoan		3 US Cont. 15 Samoan	

(1) Normal step increases are offset by reclassified positions having a total decrease of $434. A biological technician and fisherman, both budgeted at $2,347 each, will be added in 1972 to enable expanded research programs to be undertaken. The retirement plan implementation will cost $2,569.

(8) Dock improvements will be made at the Fagatogo Quay to enable higher slip rentals to be charged. This will make the wharfage self-sustaining.

Marine Resources is responsible for all fisheries research and development in American Samoa. 75% of the program financing is supplied by the Bureau of Commercial Fisheries under PL 88-309. Much of the research is in conjunction with BCF Pacific-area research.

The domestic commercial fishery, even though two major canneries are located in American Samoa, is dormant. Imports account for more than 95% of the local fish consumption even though the waters surrounding Samoa are capable of supplying the entire local demand plus an excellent export market. Fisheries harvesting employment can be conservatively increased by 94 people within the next five years while cannery employment can be increased by 350 workers. Developing the potential domestic fishing industry will require an expanded and comprehensive research program in FY 1972.

MANPOWER RESOURCES (Included in the Department of Administrative Services in FY 1971)

FY 1971 $4,100; FY 1972 -0-; Decrease $4,100. This activity was funded by Interior Budget Authority and local revenues in FY 1971. Local revenue funding in conjunction with other Federal agencies will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ 4,100	$ -0-	$ - 4,100
Local Appropriations	202,244	227,850	+ 25,606
Other Local Revenues	-0-	-0-	-0-
Other Federal Grants Funds	-0-	20,000	+ 20,000
	$206,344	$247,850	+$41,506

The program increase of $41,506 over FY 1971 consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) +$41,131	+ 1 US Cont. + 2 Samoan	$164,998	2 US CS 1 US Con. 20 Samoan	Normal step increases, program expansion setting up territorial employment office and implementation of GAS retirement plan.
(2) + 8,772		14,672		Normal stateside personnel turnover and implementation of motor pool.
(3) + 2,640		4,390		Rent and utility increase due to expanded program.
(4) + 2,350		4,800		Printing of new examination and other personnel forms.
(5) - 550		2,850		Decrease in maintenance and repairs to employee furniture.
(6) + 1,650		11,850		Normal increase for supplies and material.
(7) - 15,000		10,000		Decrease in employee rent subsidy.
(8) + 513		34,290		Furniture and appliance replacements for employee housing.
+$41,506	+ 1 US Cont. + 2 Samoan		2 US CS 1 US Cont. 20 Samoan	

(1) A stateside safety and training officer ($19,125) will plan, develop and implement in-service training and safety programs. He will also act as a liaison with the Community College indicating shortage areas, etc. It is estimated that with an approved safety program, GAS can save $20,000 annually on Workmen's Compensation premiums. A territorial employment office will be staffed by a U.S. Personnel Staffing Specialist (hired in 1971 per Legislative reprogramming of local revenues), a Testing Specialist ($7,000) and a secretary ($2,000). The implementation of the GAS retirement program will cost $3,743 in FY 1972 and other personnel benefits will increase by $3,001. Normal step increases account for the remaining $6,262.

(2) Motor Pool rental, previously unbudgeted,will cost $4,372 in FY 1972. The remaining increase of $4,400 is for travel and transportation for regular stateside employee turnover and one new employee.

(7) In FY 1971, twenty stateside positions were created in the Department of Education to remedy the low English assimilation of high school students. Rather than constructing additional houses, the GAS made short term agreements with private individuals to provide the needed housing for the additional employees. The cost differential between rent payments and receipts was $25,000. It is expected that housing requirements will be lower in FY 1972 with resultant savings of $15,000.

The Office of Manpower Resources is responsible for all personnel administration within the government of American Samoa. Furthermore, in FY 1972 it will become responsible for establishing a territorial skills inventory, coordination of private industry and the community college for development of training programs to supply current and projected employer needs, referral of unemployed individuals to the community college for rehabilitation and job placement of community college graduates. The Manpower Development and Training Act as administered by the Department of Labor will assist in program development and funding.

The administration of the proposed GAS retirement plan will also be a function of this office.

58-160 O - 71 - pt. 1 --43

OFFICE OF TOURISM

FY 1971 -0-; FY 1972 -0-. Increase -0-. This activity was funded entirely by local revenues during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ -0-	$ -0-
Local Appropriations	25,487	19,730	- 5,757
Other Local Revenues	30,000	35,000	+ 5,000
Other Federal Grant Funds	-0-	-0-	-0-
Total Program	$55,487	$ 54,730	-$ 757

The program decrease of $757 consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) - $1,397	- 1 Samoan	$25,792	5 Samoan	Normal step increases and implementation of the retirement program offset by the elimination of one position.
(2) + 2,000		3,500		Increased travel costs for Tourism conferences and chauffering of visiting dignitaries.
(3) + 1,000		2,000		Increased rent and utility costs.
(4) + 500		2,500		Increased printing costs.
(5) - 3,485		15,260		Decreased stateside advertising and promotion costs.
(6) + 625		2,225		Increased supplies and materials.
- $ 757	- 1 Samoan		5 Samoan	

(1) One Samoan Tourism specialist position ($4,389) will be deleted in FY 1972 as greater emphasis is placed on local development rather than outside promotion. Normal step increases will cost $998 in FY 1972 and the implementation of the GAS retirement plan will cost an additional $1,994.

(5) The promotion decrease will allow a limited consumer advertising program while major staffing efforts will be directed toward the American Samoan entrepreneur to develop tourist attractions competitive to other South Sea islands.

Tourism is one of the most viable programs to provide future development and capital infusions to American Samoa. It is the responsibility of the Office of Tourism to promote American Samoa. This will be accomplished through direct contact with travel agents, limited consumer magazine advertisement and feature articles and technical assistance provided to local businessmen.

There are four international airlines serving the Territory with additional entries expected. By 1972 hotel accommodations will be doubled over 1970, and rapid future expansion is predicted. 40,000 tourists are expected to visit American Samoa during 1972 as compared to 13,500 visitors in 1969. Potential tourist spending, if a rigorous tourism program is followed, is projected at $4.4 million (up from $1.6 million in 1969) with a multiplier of 3.27 for every dollar spent.

DEVELOPMENT PLANNING OFFICE

FY 1971 -0-; FY 1972 -0-; Increase -0-. This activity was funded by local revenues and Federal grants other than Interior Budget Authority during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ -0-	$ -0-
Local Appropriations	15,000	43,000	+ 28,000
Other Local Revenues	-0-	-0-	-0-
Other Federal Grant Funds	53,000	147,000	+ 94,000
Total Program	$68,000	$190,000	+122,000

The program increase of $122,000 consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) + $9,600	+ 1 Samoan	$59,100	1 US Contr. 4 Samoan	Normal step increases, 1 new position and retirement plan implementation.
(2) - 1,350		7,200		Decrease in transportation costs.
(3) - 1,120		1,000		Decrease in rental costs.
(4) + 2,000		3,000		Increased printing costs for report publications and direct mailing.
(5) +112,610		116,700		Territorial land-use study and bay area master plan.
(6) + 260		2,000		Normal increase for materials and supplies.
+122,000	+ 1 Samoan		1 US Contract 4 Samoan	

(1) A Samoan statistician will be added in 1972 to assist in the preparation of technical reports. The salary is budgeted at $8,000. The remainder of the increase ($1,600) can be attributed to normal step increases.

(4) The Development Planning Office will assemble and publish information for planning and development purposes to be mailed to potential investors. This information will include data on taxation, regulation, transportation, industrial sites, tariff conditions, labor force, utilities and other pertinent information.

(5) A land use study will be undertaken for the entire territory. This most important long range plan for physical systems including housing, solid waste, water energy, transportation and other facilities will be American Samoa's first. Also included in this study will be a master plan for development of the critically congested Pago Pago Harbor Area.

The Development Planning Office has the responsibility to conduct a program of orderly economic development consistent with the social and environmental requirements of American Samoa.

The commercial and industrial development program to be conducted by this office is intended to improve employment and income opportunities and an expanded local tax base for public facilities and services to provide an increased measure of self sufficiency for the inhabitants of American Samoa. By doing this work, this activity will fill a void that has substantially contributed to the inability of American Samoa to sustain a physical and economic development program.

PUBLIC WORKS

FY 1971 $1,486,221; FY 1972 $1,286,962; Decrease $199,259. This activity was funded by Interior budget authority and local revenues in FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$1,486,221	$1,286,962	-$ 199,259
Local Appropriations	85,700	466,538	+ 380,838
Other Local Revenues	-0-	73,000	+ 73,000
Other Federal Grant Funds	-0-	-0-	-0-
Total Program	$1,571,921	$1,826,500	+$ 254,579

The increase of $254,579 over FY 1971 consists of: (1971 figures are adjusted to reflect the establishment of revolving funds for the Telephone Utility and Motor Pool. These items were budgeted within the Public Works operating budget at $100,298 and $53,481 respectively in FY 1971).

Increase ( ) or Decrease (-)

	Amount	Positions	Total Program	Total Positions	Explanation
(1)	+ $241,414	+ 4 US Cont. + 9 Samoan	$1,303,589	11 US Cont. 331 Samoan	Normal step increases, creation of new positions and implementation of GAS retirement program.
(2)	+ 32,271		126,364		Increased stateside personnel locational travel and motor pool costs.
(3)	+ 1,521		35,000		Increase in utility costs
(4)	+ 9,696		11,200		Increase in printing costs for expanded M & O program
(5)	+ 3,651		44,292		Increase in equipment rental.
(6)	+ 1,271		253,000		Normal increase for supplies and materials.
(7)	- 35,245		53,055		Decrease in M & O equipment acquisition
	+$ 254,579	+ 4 US Cont. + 9 Samoan		11 US Cont. 331 Samoan	

(1) The following position changes have been made to streamline and upgrade the Department of Public Works operations.

U.S. Contract

1 Architect	$16,000
1 Land & Survey Tech. Advisor	15,000
1 Field Supervisor/Trainer	13,000
1 Administrative Assistant	14,000

Samoan

2 Secretaries	9,948
3 Building Inspectors	19,068
1 Estimator	10,070
1 Estimator - Planner	5,200
1 Asst. Control Maint.Supervisor	7,500
2 Facility Inspectors	9,600
2 General Superintendents	10,800
4 Foremen - M & O	18,000
(1)Engineering Draftsman	(5,496)
(1)Clerk Typist	(3,311)
(3)Surveyor Tech.	(8,168)
(1)Machine Operator	(2,852)
(1)Administrative Assistant	(7,000)
13	$121,359

Normal step increases are budgeted for $37,718 and related personnel benefits will increase by $33,221. The implementation of the retirement plan will cost $49,116.

(2) Travel and transportation costs for stateside employees will have a net increase of $2,227 for normal turnover and new positions. The motor pool costs will increase by $30,044 from $79,000 in 1971 since 1972 will be the first year motor pool rental rates will include vehicle replacement.

The Department of Public Works is responsible for construction program design, engineering, contract administration, and project direction and supervision. In addition, it is responsible for operation and maintenance of all GAS facilities and the supervision of the electric utility, motor pool and telephone revolving funds.

In FY 1971 the preventative maintenance program for government facilities was re-established by an emergency reprogramming action of local revenues by the Legislature of American Samoa. It is imperative that the preventative maintenance program be retained at the proposed level to avoid major rehabilitation funding in FY 1973 and the outer years.

The motor pool and telephone operations of the Department of Public Works were established as revolving funds during FY 1971. The telephone branch is now self-suppporting for all operational costs. The motor pool has improved vehicle use efficiency and maintenance capability. Furthermore, it has assured regular vehicle replacement on a government-wide basis for the first time.

PORT ADMINISTRATION

FY 1971 -0-; FY 1972 -0-; Increase -0-. This activity was funded entirely by local revenues during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ -0-	$ -0-
Local Appropriations	-0-	87,535	+ 87,535
Other Local Revenues	403,880	390,000	- 13,880
	-0-	-0-	-0-
	$403,880	$477,535	+$ 73,655

The program increase of $73,655 over FY 1971 consists of:

Increase (+) or Decrease (-)

	Amount	Positions	Total Program	Total Positions	Explanation
(1)	+ $53,436	+ 7 Samoan	$265,456	5 US Cont. 57 Samoan	Normal step increases, creation of 7 new positions and retirement program implementation.
(2)	- 8,040		6,360		Decrease in stateside travel.
(3)	+ 5,580		10,740		Increase in utility costs.
(4)	+ 13,508				Longshoremen services for cargo handling.
(5)	+ 9,171		143,421		Increase in vessel operating supply and maintenance costs due to expanded inter-island service.
	+ $73,655	+ 7 Samoan		5 US Cont. 57 Samoan	

(1) Normal pay increases and adjustments in 1972 will cost $11,314. The implementation of the retirement plan will cost an additional $15,430. The balance will be used to finance additional personnel for expanded water transportation responsibilities delegated to Port Administration.

1 Dispatcher	$2,300
1 Admin. Asst.	8,800
5 Police Guards	15,592
7	$26,692

(4) Port Administration is now responsible to pay long shoremen at outer villages for cargo handling services. This amount was previously budgeted by the individual activities.

(5) More frequent trips to outer islands and northshore villages will be scheduled to offer more dependable transportation to these remote areas. Operating supplies will therefore reflect increases.

The Port Administration provides all services associated with seaport and airport facilities operations including customs. It is also responsible for all interisland transportation for the government operating three tug boats, three lighters and one passenger vessel.

In order to enable isolated northshore villages of Tutuila and Manu'a to develop both socially and economically an adequate transportation system must be provided. Moorings at all of these villages were installed during FY 1970 and FY 1971 as the first phase of this development. In 1972, scheduled operations will be increased to provide safe and reliable water transportation which will enable outer island and northshore agricultural produce and worker skills to be marketed economically in the central business areas.

COMMUNICATIONS

FY 1971 -0-; FY 1972 -0-; Increase -0-. This activity was funded entirely by local revenues during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$ -0-	$ -0-	$ -0-
Local Appropriations	20,000	49,500	+ 29,500
Other Local Revenues	212,027	195,000	- 17,027
Other Federal Grant Funds	-0-	-0-	-0-
	$232,027	$244,500	+$12,473

The program increase of $12,473 over FY 1971 consists of:

Increase (+) or Decrease (-)

	Amount	Positions	Total Program	Total Positions	Explanation
(1)	+ $22,184	+ 2 Samoan	$141,420	34 Samoan	Normal step increases, the addition of 2 new positions and retirement plan implementation.
(2)	+ 4,250		6,400		Increased travel costs and motor pool vehicle rental.
(3)	+ 6,039		37,100		Increased utility and transmission costs.
(4)	- 20,000		1,750		Teletype replacement program completed
	+$ 12,473	+ 2 Samoan		34 Samoan	

(1) Two new positions are established in 1972 to handle expanded operations. An overseas operator at a salary of $2,546 will provide increased hours of services. An additional electronics technician budgeted at a salary of $3,081 will enable the Communications Office to more effectively maintain its VHF equipment. Normal step increases for the present 32 employees amount to $9,202 and the implementation of the retirement plan will cost $7,355.

(2) The $4,250 increase represents motor pool vehicle rental which was previously unbudgeted.

(4) In FY 1971, 8 teletype machines were replaced at a total cost of $20,000. This completed the emergency replacement program of World War II vintage machines for which spare parts were impossible to obtain.

The Communications Office provides the Government of American Samoa as well as local residents with their only means of off-island communication. Its operations include overseas telephone, telegraph, ship-to-shore, local and intra-island radio circuits, news and radio photo, and international telex services. Furthermore, this function supports other educational television, and public works networks. Wherever possible, however, the GAS network has been integrated with the FAA system. Program expansions are required in order to meet the operational demands which have rapidly increased as shown below:

	Actual				Projected	
	1967	1968	1969	1970	1971	1972
Overseas Telegram Service.						
Number of messages handled:						
Revenue traffic	22,752	25,213	27,467	30,054	33,250	37,100
Nonrevenue traffic	7,343	10,545	9,105	11,801	15,050	20,400
Total	30,095	35,758	36,572	41,855	48,300	57,500
Number of words handled:						
Revenue traffic	548,978	627,900	658,420	738,762	850,200	994,600
Nonrevenue traffic	1,344,149	439,705	673,782	768,998	908,700	1,108,200
	1,893,127	1,067,605	1,332,202	1,507,760	1,758,900	2,102,800
Telex Service						
Number of calls	427	605	684	1,036	1,680	2,580
Number of minutes	2,367	2,982	2,986	4,626	7,020	11,210
Number of subscribers	8	8	10	13	16	20
Overseas Telephone Service						
Number of completed calls	8,660	10,029	15,069	18,891	23,910	31,200
Number of minutes	43,481	47,764	74,212	99,998	140,100	200,400

ADMINISTRATIVE SERVICES

FY 1971 $139,600; FY 1972 $191,409; Increase $51,809. This activity was funded jointly by Interior budget authority and local revenues during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$139,600	$191,409	+$ 51,809
Local Appropriations	434,956	193,521	- 241,435
Other Local Revenues	-0-	340,000	+ 340,000
Other Federal Grant Funds	-0-	-0-	-0-
Total Program	$574,556	$724,930	+$150,374

The program increase of $150,374 over 1971 consists of: (1971 amounts exclude Manpower Resources to reflect management reorganization).

Increase (+) or Decrease (-)

	Amount	Positions	Total Program	Total Positions	Explanation
$1)	+$ 66,170	+ 1 US Cont. + 9 Samoan	$474,649	4 US CS 7 US Cont. 68 Samoan	Normal step increases, position additions and implementation of GAS retirement plan.
(2)	- 5,580		29,500		Decrease in travel for stateside personnel turnover
(3)	+ 55,159		130,157		Increased electric costs for all GAS stateside employees.
(4)	- 8,581		9,017		Contracted domestic services for government house operations transferred to GAS payroll (See No. 1)
(5)	+ 43,206		56,222		Purchase of used accounting machines.
	+$150,374	+ 1 US Cont. + 9 Samoan		4 US CS 7 US Cont. 68 Samoan	

(1) To provide more timely and accurate accounting information a stateside Accounting Manager position has been added at an annual salary of $12,500. Other new positions include two janitors ($3,786), two messengers ($3,786), three domestic ($8,846) for Government House operations, and two night watchmen ($5,679) to guard the administration building. The implementation of the GAS retirement plan will cost $12,550. The remaining $19,023 represents normal step increments.

(3) The Department of Administrative Services is responsible for stateside employees' electricity usage charges. In FY 1971 it was contemplated that these employees would pay a portion of the costs. Legal ramifications, however, have delayed implementation of this policy. Thus, it is estimated that an additional $55,159 will be required in FY 1972.

(5) In FY 1971 extensive accounting systems revisions were planned. It has been strongly recommended that payroll preparation and accounts maintenance be converted from a manual operation to a semi-automatic system. The implementation system will provide more accurate information to managers in a timely manner. The following surplus equipment will be procured:

3 Keypunch Machines	$15,000
2 Verifiers	5,000
1 Sorter	9,000
1 Collator	11,000
2 Model 402 Accounting Machines	10,000
	$50,000

Other requirements for equipment are $6,794 less than FY 1971.

The Department of Administrative Services is responsible for the financial management of all government activities including collection of revenues, disbursement of territorial and Federal funds, PPBS, budgeting for all government activities, management analysis of all government operations, management of Executive House operations, administration of the Samoan Income Tax laws, procurement and control of all government supplies and materials, and management of government business-type activities such as the territorial liquor store and Air Force cafeteria.

Prior year overruns and poor budget estimates have, in many cases, been directly related to accounting information that has not given managers the data they require in a timely fashion. FY 1971 will be devoted to detailed accounting systems work which is to be fully implemented during FY 1972. It is mandatory that additional supervisory personnel be hired as well as simple machine accounting methods be implemented if adequate accounting is to be provided.

AUDIT OFFICE

FY 1971 $20,000; FY 1972 $32,200; Increase $12,200. This activity was funded jointly by Interior budget authority and local revenues during FY 1971. The same type of funding will be used in FY 1972 as shown below:

	Estimate 1971	Estimate 1972	+ or - over '71
Interior Budget Authority	$20,000	$32,200	+$ 12,200
Local Appropriations	-0-	14,000	+ 14,000
Other Local Revenues	14,000	-0-	- 14,000
Other Federal Grants	-0-	-0-	-0-
Total Program	$34,000	$46,200	+$ 12,200

The program increase of $12,200 over FY 1971 consists of:

Increase (+) or Decrease (-)

	Amount	Positions	Total Program	Total Positions	Explanation
(1)	+$ 7,594	+ 1 Samoan	$41,125	1 US Cont. 4 Samoans	Normal step increase, retirement program implementation and 1 new position.
(2)	+ 3,900		4,000		Travel and transportation for stateside employee turnover.
(3)	+ 706		1,075		Office equipment and machines.
	+$12,200	+ 1 Samoan		1 US Cont. 4 Samoans	

(1) A secretarial position will be established at a cost of $4,185. This will enable the audit staff to submit typewritten reports and maintain office efficiency. The remainder of the increase is made up of normal step increases ($2,944) and implementation of the retirement program ($465).

A strong internal audit program is required to obtain greater managerial efficiency within an organization as complex as the Government of American Samoa.

GOVERNMENT OF AMERICAN SAMOA
PROPOSED CONSTRUCTION DISTRIBUTION SUMMARY
FISCAL YEARS 1970 THROUGH 1972

Project	Estimate 1971	Estimate 1972	+ or - over '71	Source of FY 1972 Funds: Interior Budget Authority	Local Revenues: Local Appr.	Local Revenues: Other Revs.	Other Federal Grants	Total
School Construction	$ 220,000	$ 378,000	$+ 158,000	$ 378,000	$ -0-	$ -0-	$ -0-	$ 378,000
Public Health and Safety	79,000	132,000	+ 53,000	-0-	33,000	-0-	99,000	132,000
Central Business Area Development	50,000	50,000	-0-	50,000	-0-	-0-	-0-	50,000
Harbor Moorings	75,000	50,000	- 25,000	50,000	-0-	-0-	-0-	50,000
Print Shop	36,000	-0-	- 36,000	-0-	-0-	-0-	-0-	-0-
Water Development	420,921	525,000	+ 104,079	470,000	35,000	-0-	20,000	525,000
Sewage Systems	503,000	825,000	+ 322,000	717,809	17,651	-0-	89,540	825,000
Power	-0-	812,405	+ 812,405	812,405	-0-	-0-	-0-	812,405
Solid Waste Site Development	-0-	67,140	+ 67,140	67,140	-0-	-0-	-0-	67,140
Road Programs	256,500	354,000	+ 97,500	-0-	354,000	-0-	-0-	354,000
Airport Development	200,000	-0-	- 200,000	-0-	-0-	-0-	-0-	-0-
Seawall & Erosion Control	-0-	150,000	+ 150,000	150,000	-0-	-0-	-0-	150,000
Recreation Projects	-0-	100,000	+ 100,000	-0-	50,000	-0-	50,000	100,000
A. & E. Revolving Fund	50,000	100,000	+ 50,000	100,000	-0-	-0-	-0-	100,000
Construction Equipment	76,000	200,000	+ 124,000	200,000	-0-	-0-	-0-	200,000
Gunther-Shirley-Lane Claim	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Dock Repairs	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Marine Railway	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	$1,966,421	$3,743,545	$+ 1,777,124	$2,995,354	$ 489,651	$ -0-	$258,540	$3,743,545

SCHOOL CONSTRUCTION $ 378,000

1. Elementary Classrooms 178,000

Fourteen classrooms will be constructed at seven sites to provide additional space for projected increase in enrollment of 300 students. Five sites are on Tutuila where the prototype Samoan fale style two-classroom building will be used. Two sites are on outer islands.

A. Five Tutuila classroom buildings 1,400 sq. feet each with precast concrete columns and bents at 7' o.c., 28' x 28' mid-section with ends rounded on a 4" concrete slab with continuous footings, concrete block and wood louvered sides, cedar shake shingle roof over 2" wood decking. Fluorescent light fixtures, duplex electrical outlets, as required, and one drinking fountain:

7,000 sq. feet at $15.00 per Sq. Ft.	$ 105,000
Design	6,500
Contingency and Administration	10,500
Construction Cost	$ 122,000

SUMMARY

Labor	$ 65,000
Materials	45,000
Equipment	12,000
Total	$122,000

B. Two Manu'a classroom buildings 56' x 26' (1,456 sq.feet) each with wood bents on a 4" concrete slab with continuous footings. Plywood and wood louver sides, cedar shake roofs over 2" wood decking. Fluorescent light fixtures, duplex electric outlets and one drinking fountain:

2912 sq. ft. at $16.00 per Sq. Ft.	$ 46,600
Transportation	1,000
Design	4,500
Contingency and Administration	3,900
Construction Cost	$ 56,000

SUMMARY

Labor	$ 30,000
Materials	21,000
Equipment	5,000
Total	$ 56,000

2. Secondary Schools $ 200,000

Enrollment projections show that there will be an increase of 400 students at the secondary level by FY 1973. The high schools at Leone, Faga'itua, and Manu'a have sufficient space for some enrollment increases. The Samoana School, however, located in the most heavily populated area of Tutuila is already severely overcrowded. Space for ten classrooms will be provided for the Samoana campus in Utulei. The classrooms will be contained in one building of the following type:

Building with concrete bents, 4" concrete slab with concrete block and wood louvered sides, cedar shake roofs, partitions, electrical lighting, outlets and plumbing:

5,500 sq. ft. at $28.00 per sq. ft.	$ 154,000
Site Improvements	16,000
Design	15,000
Contingency and Administration	15,000
Construction Cost	$ 200,000

SUMMARY

Labor	$ 96,000
Materials	72,000
Equipment	32,000
Total	$200,000

PUBLIC HEALTH AND SAFETY $ 132,000

A 4,000 sq. ft. building for housing medical storage and hospital maintenance is needed to augment the new Tropical Medical Center which was completed in 1968. Presently, 2,384 sq.ft. of space at the hospital and 1,034 sq.ft. in a building at Utulei is used to store medical supplies. In FY 1970, about 82 tons of medical supplies were purchased and both storage facilities were filled to capacity. The storage area in Utulei is located in a building which is being remodeled for Government business offices and these supplies will have to be moved. Because of the long order lead times which necessitates large supply inventories, coupled with increasing demands for medical care, it is essential that more storage space be made available.

The hospital maintenance shop at the Tropical Medical Center has to be relocated to provide recreational and occupational therapy for Hanson's disease patients. 800 sq. ft. is required for a medical maintenance shop.

The building will consist of a concrete block and reinforced concrete building with precast roof trusses and cedar shake roofing on 4" concrete slab.

4,000 sq.ft.	$ 100,000
Electrical Utilities	2,000
Plumbing	500
Air conditioning, 10 tons	11,000
	113,500
Design	7,500
Contingency and Administration	11,000
Construction Cost	$ 132,000

SUMMARY

Labor	$ 64,680
Materials	66,000
Equipment	1,320
Total	$ 132,000

CENTRAL BUSINESS AREA DEVELOPMENT $ 50,000

The Wolf Management report states that "Tourism is American Samoa's potential growth industry and it will do more, per unit of GAS effort and dollar investment, to accelerate the Territory's economic development than any other single endeavor." One of the first projects initiated to take advantage of the tourism potential is the commercial development of the malae area located in the village of Fagatogo.

Fagatogo is one of the largest villages in the Territory, and is located on Pago Pago bay immediately adjacent to the main dock where tourist ships discharge passengers. This area is the hub of commercial business and is the area most frequented by tourists. Unfortunately, it is ringed with run-down Government buildings and small, non-descript commercial enterprises which cannot meet local resident demand notwithstanding those posed by tourists.

In FY 1971, $50,000 was budgeted to prepare a master plan and to begin the upgrading of Government structures which are to be vacated and made available for commercial development. Privately owned businesses are enthusiastic to undertake improvements consistent with the area development. The GAS will support basic development of government facilities as indicated below to further encourage the private sector.

Renovation of various buildings	
Exterior Painting, 50,000 sq.ft. at $0.13	$ 6,500
Minor repairs	5,000
Road Construction	
Parking, 2,000 sq. yd. at $5.00	10,000
Utilities, misc. drainage	9,000
Walkways, 4" concrete, 15,000 sq.ft. at $0.60	9,000
Design	4,000
Contingency and Administration	6,500
Construction Cost	$ 50,000

SUMMARY

Labor	$ 30,000
Materials	12,500
Equipment	7,500
Total	$ 50,000

HARBOR MOORINGS $ 50,000

This project is a continuing program to provide safe moorings for water transportation service to inaccessible north shore villages on Tutuila and outer island villages. These moorings are being constructed in villages which are inaccessible by road or air transportation. They will provide safe, reliable sea transportation facilities which will enable these villages to market their skills and produce in the commercial centers as well as provide for medical evacuation. In FY 1970 and FY 1971, funds totaling $108,000 were provided to construct moorings on the Manu'a Islands group. The amount requested will provide three additional moorings as detailed below:

3 ea. moorings with 3 anchors, 1 buoy with hardware, 150 l.f. of anchor chain, 5 end lengths: $13,750 x 3	$ 41,250
Design	500
Contingency and Administration	8,250
Construction Cost	$ 50,000

SUMMARY

Labor	$ 8,000
Materials	30,000
Equipment	12,000
Total	$ 50,000

WATER DEVELOPMENT $ 525,000

Although annual rainfall exceeds 200 inches yearly, water frequently is rationed. In 1969, nearly half the population was not served by potable water. This lack of water requires villagers to regularly handcarry water in small containers over rough, mountainous trails.

The present water system is an inefficient off-shoot of the original territorial water system which used surface water stored in small catchments. Much of the water system was constructed of pre-World War II short life steel victory pipe and fittings which are now beyond economical repair. In most cases, reservoirs are subject to contamination and leakage--contamination from uncontrolled water shed and high runoff deposits and leakage as a result of facilities designed for temporary use and the natural porosity of the lava base.

The drinking water of many villages is so contaminated that lives are endangered whenever one drinks it. Even in the heavily populated areas such as Pago Pago and Tafuna the level of suspended solids and other contaminating substances in the drinking water, after a heavy rainfall, is extremely high. Conversely, after dry periods, the chlorine count, because of inadequate treatment equipment, reaches as high as eight parts per million. The recommended level is one part per million.

Because surface water storage is dependent upon adequate rainfall to maintain supplies, it would be necessary that it rain with regularity to maintain an adequate supply. During the dry season, weeks will pass in American Samoa without sufficient quantities of rain to sustain even minimum safe storage levels. Thus, water must be rationed. This not only inconveniences the inhabitants of Samoa but the lack of water limits the operations of the canneries and other industry. For example, in 1969, the Bottling Corporation was forced to operate at a reduced capacity for more than fifty percent of the time because of low water pressure and contamination.

The lack of adequate water supplies not only affects present industry, but severely limits the attraction of new industry. Furthermore, adequate fire protection cannot be provided since low water supplies and high line leakage cannot maintain flows needed to sustain pumpers.

Island demand, which is essentially concentrated in the Bay Area, is approximately 1.3 million gallons per day with an annual increase of approximately 5 percent. The major source of water during extended low rainfall periods and during extreme high runoff periods (when surface water is contaminated) will be wells drilled in 1971 in the Tafuna plain and bay area. It is expected that these wells will provide an initial 2.5 million gallons per day and will complement the 8.5 million gallons of safe storage located at high elevations above population centers.

The proposed long range program involves development of village water systems that will eventually be tied together by an island-wide main. The following projects will be undertaken in 1972 as a part of this continuing program.

1. Village Water System

U.S.G.S. Ground and surface water exploration program	$ 55,000
4" wells, 5 ea. at $6,000 with pump and chlorinator	30,000
Test well drilling, 5 ea. at $1,500	7,500
Piping and storage tanks, 30,000 gal., 5 ea. at $8,000	40,000
Design	12,500
Contingency and Administration	13,000
Construction Cost	$158,000

SUMMARY

Labor	$ 60,000
Materials	58,000
Equipment	40,000
Total	$158,000

2. Island-Wide Main

8" main, 15,500 l.f. with valves and fittings at $10.00 per l.f.	$155,000
Laterals, 6" with valves and fittings 2,000 l.f. at $9.00	18,000
Design	20,000
Contingency and Administration	24,000
Construction Cost	$217,000

SUMMARY

Labor	$ 55,000
Materials	107,000
Equipment	55,000
Total	$217,000

3. Rehabilitation of Existing Systems, Leone, Pago Pago Harbor

8" with valves and fittings, 12,000 l.f. at $10.00 per l.f.	$120,000
Design	15,000
Contingency and Administration	15,000
Construction Cost	$150,000

SUMMARY

Labor	$ 45,000
Materials	65,000
Equipment	40,000
Total	$150,000

SEWAGE SYSTEMS $ 825,000

Pago Pago harbor and beaches adjacent to populated areas are not safe for commercial or recreational use due to contamination, which has been caused by dumping raw sewage into these areas. Sewerage systems are needed in major populated areas and villages where septic tank disposal is not practicable due to the poor leaching qualities of coral, the closeness of the water level to the surface and the low three-year average life span of a cesspool.

Early in the 1960's, the people of American Samoa were directed by the Governor to remove all latrines located over water. In FY 1964, the initial funding was made available for sewerage systems designed for the highly populated areas surrounding Pago Pago harbor and the Pala Lagoon. The Bay Area sewerage treatment plant, with a peak load capacity of 1,151 gallons per minute, was completed in FY 1968. During FY 1970 sewage mains and laterals were installed in portions of the villages of Utulei, Faga'alu, Fagatogo, and Pago Pago. In FY 1971 the Fagatogo and Pago Pago areas will be hooked up to sewerage laterals and the Bay Area sewage main will be extended to the area between Pago Pago and the canneries at Atu'u.

The Tafuna sewer system was started in FY 1970 with the construction of collection lines and outfall facilities. In FY 1971 this program was stymied by lack of funds, and only $10,000 was available to begin the final design of the treatment plant. It is important that the Tafuna sewer system be continued immediately to enable the clearing of Pala Lagoon which is heavily polluted. Phase I and II of the Tafuna system will serve the airport area, future industrial complex, Government housing area, and the villages of Tafuna and Nu'uuli. Phase III, to begin in FY 1973, will serve additional villages in the Tafuna plain area. This area is the second largest population area in Tutuila.

The primary program thrust in 1972 will be the reduction of Pago Pago Bay and Pala Lagoon pollution as follows:

1. Pago Pago Harbor-Atu'u towards Aua

8" main, 5,500 l.f. at $12.00	$ 66,000
6" lateral connections, 23,000 l.f. at $11.00	253,000
Pump Station, 2 ea. at $18,000	36,000
	$355,000
Design	32,000
Contingency and Administration	38,000
Construction Cost	$425,000

SUMMARY

Labor	$140,000
Materials	180,000
Equipment	105,000
Total	$425,000

2. Tafuna, Phase II

12" main, 6,500 l.f. at $16.00	$104,000
6" lateral connections, 3,800 l.f. at $10.00	38,000
Treatment plant, 1 million gallons	175,000
Pump Station, 1 ea. at $18,000	18,000
	$335,000
Design	30,000
Contingency and Administration	35,000
Construction Cost	$400,000

SUMMARY

Labor	$ 90,000
Materials	215,000
Equipment	95,000
Total	$400,000

POWER $ 812,405

Tafuna Electric Generating Plant Phase I

Since October 1968, maximum demand has regularly exceeded firm power (total generating capacity minus capacity available of largest generating unit) causing electricity rationing. This has oftentimes restricted school operations since the educational system is dependent on television. Furthermore, operations of commercial and industrial enterprises have been restricted making it difficult to attract new industry. In addition, power outages occur frequently since normal maintenance requires plant shutdown.

Rapid economic development is affording the residents such luxuries as electric stores, hot water heaters, refrigerators, television sets, airconditioners, washing machines and a myriad of other electric appliances. A large increase in demand is projected for expected hotel capacity increases (the number of available rooms are expected to double between 1970 and 1972) and future airport expansion.

The increasing demands were partially met when the Government of American Samoa received a supplementary appropriation of $950,000 in FY 1969 to purchase and install a 3,000 KW generator. Installation of that generator was essentially completed in FY 1970, and it will increase the available capacity of the Satala plant to 12,000 KW and firm power capacity to 9,000 KW. This increasedcapacity, however, is not sufficient to meet demand forecasts for the main island of Tutuila, as shown by the following:

	Actual		Projected					
	1969	1970	1971	1972	1973	1974	1975	1976
Demand (MW)	6.2	6.6	7.2	8.5	10.0	12.5	15.0	17.3
Available Capacity	9.0	9.0	12.0	12.0	15.0	18.0	18.0	21.0
Firm Power	6.0	6.0	9.0	9.0	12.0	15.0	15.0	18.0

The majority of the future growth is expected to take place in the Western District. Hence, because the existing feeders to this area are now overloaded by 80% causing a 19% generated power loss to this area, it is proposed to construct a second electric plant in the Tafuna industrial park near the airport.

The electric expansion program will begin in FY 1972. By 1976, 9 megawatts of additional generation will be required to tie into the existing Satala plant to eliminate chances of power failure due to storms as well as scheduled maintenance. The total estimated cost through 1976 is $7.5 million.

The $812,405 requested for FY 1972 would be used for Phase I of the Tafuna plant as follows:

Purchase 1 - 3,000 KW Generating Unit Switchgear, Radiators and Automatic Controls		$550,000
Site Preparation and Utilities		30,000
Fuel Facilities		80,000
		$660,000
Design		81,000
Contingency and Administration		71,405
Construction Cost		$812,405

SUMMARY

Labor	$ 140,000
Materials	120,000
Equipment	552,405
Total	$ 812,405

SOLID WASTE SITE DEVELOPMENT $ 67,140

The main island of Tutuila has one garbage dump at Tafuna which will be completely full by the end of FY 1971. Investigations are being conducted to locate a new site where solid wastes can be disposed of by trenching and burying.

The requested amount will cover the cost of developing a site to be selected from the several alternatives available.

Clearing	$10,000
Access Roads and Dikes	39,840
Imported Fill	9,800
	$59,640
Design	2,500
Contingency and Administration	5,000
	$67,140

SUMMARY

Labor	$ 14,000
Materials	27,140
Equipment	26,000
Total	$ 67,140

ROAD PROGRAMS $ 354,000

Socio-Economic development has been retarded in many parts of American Samoa as a result of inadequate transportation facilities on Tutuila and Manu'a. Inaccessible villages have land and labor capability to grow crops in excess of their needs. Due to the lack of transportation facilities needed to economically market this produce, however, these villagers only produce for their immediate needs. This has resulted in a sub-optimum utilization of 2,900 acres of prime agricultural land, substandard medical service to these villages, educational materials distribution delays and the abandonment of outer villages to the already over-crowded Bay area.

The funds requested for FY 1972 will continue the program of improving existing roads, and construction of new roads and trails which will open up new areas for agriculture and commercial development.

1. Pava'iai-Aoloaufou - Tutuila

2.6 miles	
Grade and Roll, 30,000 s.y.	$ 18,000
Sub base, 3,000 c.y. at $4.00	12,000
Base prepare and roll, 30,000 s.y. at $0.35	10,500
Culverts and Drains	32,000
Guard Rails, Paint, Misc.	10,000
	$ 82,500
Pave, 2" AC, 30,000 s.y. at $4.00	120,000
Engineering and Design	21,500
Contingency and Administration	30,000
	$254,000

SUMMARY

Labor	$ 64,000
Materials	110,000
Equipment	80,000
Total	$254,000

2. Manu'a Secondary Roads

This project is the initial phase of a program to provide access to agricultural areas in the Manu'a Islands group. It is estimated that 1,000 acres will be accessible by vehicle with a potential yield per decade of $5,000,000. The entire 1.5 miles of this project will be on the Island of Ta'u.

Cut and Fill, 45,000 c.y. at $0.80	$ 36,000
Blasting, 1,000 c.y. at $1.50	1,500
Grade and Roll, 20,000 s.y. at $0.60	12,000
Sub base, 3,500 c.y. at $4.00	14,000
Base, prepare and roll, 20,000 s.y. at $0.35	7,000
Culverts and Drainage	3,000
	$ 73,500
Stream crossings, 2 ea.	10,500
Design	6,000
Contingency and Administration	10,000
Construction Cost	$100,000

SUMMARY

Labor	$ 30,000
Materials	40,000
Equipment	30,000
Total	$100,000

Seawalls, Erosion Control, and Misc. Projects $ 150,000

1. Seawalls 103,000

The tropical storms which occur frequently in the areas surrounding American Samoa create heavy seas which cause considerable damage to roads, schools, power lines, and other structures near shorelines. In the past, a cement grout over the shoreline has been used in an attempt to keep damage to a minimum.

The heavy seas, however, have undermined the support in about 75 percent of the areas. If these seawalls are not replaced immediately, extensive damage to existing facilities will occur.

The U.S. Army Corps of Engineers has recommended the construction of permanent seawalls to provide maximum protection against the heavy seas. Funds requested in FY 1972 will initiate a program of seawall construction on both Tutuila and the Manu'a Islands. This will be a continuing program, and top priority will be given to the most endangered locations in 1972. The $103,000 requested will provide approximately 800 l.f. of new seawalls in Manu'a and 2,800 l.f. in Tutuila.

1-5 ton, rip rap, 8,000 s.y.;	
1,500 s.y. at $12.00	$18,000
6,500 s.y. at $10.00	65,000
Concrete grout, 130 c.y.	4,000
	$87,000
Design	7,500
Contingency and Administration	8,500
	$103,000

SUMMARY

Labor	$ 25,000
Materials	40,000
Equipment	38,000
Total	$103,000

2. Miscellaneous Samll Projects $ 47,000

During FY 1970 the Governor of American Samoa visited with the Village Councils of the Territory. As a result of these visits, a list of village needs was prepared. Through reprogramming action in February 1970, $30,000 of unprogrammed territorial revenues were made available to alleviate some of the most critical problems. This budget request for FY 1972 is to allow continuation of these village projects, as directed by the Governor.

SUMMARY

Labor	$ 20,000
Materials	17,000
Equipment	10,000
Total	$ 47,000

RECREATION PROJECTS $ 100,000

1. Village Recreation Areas

The Territorial Recreation and Parks Plan emphasizes that top priority be given to village sport areas. The budget request will provide two areas, approximately 1 acre in size containing basketball and volleyball courts, related apparatus, rest rooms, a rest fale and a play field for popular Samoan sports. Cost for these facilities is as follows:

Rest Room, 12 x 10, 200 s.f. at $50.00	$ 10,000
Paved Play Area, 2,400 at $1.10	2,600
Rest Fale	4,000
Apparatus	2,500
	$ 19,100
2 projects	38,200
Design	8,000
Contingencies and Administration	3,800
	$ 50,000

SUMMARY

Labor	$ 20,000
Materials	17,500
Equipment	12,500
Total	$ 50,000

2. Pala Lagoon

According to the Territorial Recreation and Parks Plan, the Pala Lagoon area will be a major recreational park in American Samoa. A park located in this area, which is the second heaviest populated area on Tutuila, will provide recreational enjoyment for the inhabitants of the whole island. Secondarily, it will benefit the tourist industry by offering visitors an ideal area for swimming, sailing, and other water sports. Improvements recommended include a large beach, sanitary facilities, landscaping and small boat mooring facilities.

Dredging of coral will begin in Pala Lagoon in FY 1971, and the budget request for FY 1972 is to complete a navigable channel and turning basin for small boat access. When completed, this channel will provide shelter for small boats during heavy seas. This work would be designed in accordance with guidelines from the U.S. Corps of Engineers.

Dredging, allow 30,000 c.y.	$ 27,000
Blasting, allow 1,000 c.y.	1,200
Breakwater, allow 250 l.f.	10,000
Channel Markers, allow 8 ea.	1,600
	$ 39,800
Design	3,700
Contingency and Administration	6,500
	$ 50,000

SUMMARY

Labor	$ 13,500
Materials	20,000
Equipment	16,500
Total	$ 50,000

A & E REVOLVING FUND $ 100,000

In FY 1971, $50,000 was appropriated from unprogrammed local revenues by the Territorial Legislature, to provide funds for advanced planning and design for construction projects. The additional funds requested in FY 1972 in the amount of $100,000 are to increase the size of this fund to meet the needs of a bigger construction program.

The purpose of this Fund is to provide financing for advance engineering work to enable the Government to move ahead with more realistic planning and estimating of future work.

In past years, the Government of American Samoa has experienced sizeable overruns on certain projects. One of the primary causes was that adequate estimates were not made when the budgets were submitted. The establishment of an A & E Revolving Fund will enable sufficient advance preliminary engineering and design work to be accomplished to provide reasonably accurate cost estimates.

The plan for reimbursement of expenditures against this Fund is the inclusion of sufficient mark-up in future projects to permit the transfer of advance engineering costs to fund projects and the Fund to be thus increased to its original size as approved projects go forward. It is not intended for final design and engineering work for projects projected in the future.

CONSTRUCTION EQUIPMENT $ 200,000

This requirement is to provide construction equipment needed to accomplish the proposed construction program and will be usable for future programs. Specific attention is given to ensure compatibility of spare parts with existing equipment for future maintenance:

Front-End Loader	$ 36,000
D-4 Cat.Wide-track Dozer	25,000
Back-Hoe	38,000
Grad-All	39,000
Paving Machine	51,000
Truck-Mounted Crane (Track)	11,000
Total	$200,000

GOVERNMENT OF AMERICAN SAMOA

LOCAL REVENUES BY SOURCE

	Actual 1970	Estimate 1971	Estimate 1972	Increase (Decrease)
Dept. of Agriculture				
Experimental Farm	$ 29,300	$ 40,000	$ 40,000	$ -0-
Other	15,300	10,000	29,000	19,000
Dept. of Admin. Services				
Income Tax - Individual	1,156,000	1,275,000	1,344,600	69,600
Income Tax - Corporate	1,250,600	1,743,000	2,500,000	757,000
Rents and Leases	217,320	250,000	300,000	50,000
Terr. Liquor Store	227,000	245,000	275,000	30,000
Print Shop	24,500	-0-	-0-	-0-
Bank Dividends & Interests	72,900	20,000	5,000	(15,000)
Other	13,600	15,000	20,000	5,000
Communications				
Radiograms	92,700	105,000	120,000	15,000
Overseas Telephone	108,600	115,000	140,000	25,000
Dept. of Education				
School Bus operations	21,200	23,000	23,000	-0-
Dept. of Medical Services				
Hospital care	74,000	70,000	80,000	10,000
Laundry	20,700	19,000	25,000	6,000
Pharmacy	8,600	10,000	10,000	-0-
Other	30,500	20,000	20,000	-0-
Dept. of Public Works				
Electric Utility	409,500	331,600	300,000	(31,600)
Water	37,100	40,000	40,000	-0-
Marine Railway	44,500	65,000	65,000	-0-
Telephone	58,000	-0-	-0-	-0-
Motor Pool	(14,100)	-0-	-0-	-0-
Aerial Tramway	11,500	15,000	15,000	-0-
Other	2,600	5,500	5,000	(500)

GOVERNMENT OF AMERICAN SAMOA

LOCAL REVENUES BY SOURCE

	Actual 1970	Estimate 1971	Estimate 1972	Increase (Decrease)
Dept. of Port Administration				
Excise taxes	$ 686,200	$ 750,000	$ 850,000	$ 100,000
Piers and docks	181,000	195,000	200,000	5,000
Customs & harbor charges	202,500	212,000	225,000	13,000
Harbor craft (operations)	22,300	30,000	30,000	-0-
Airport Revenues	16,000	-0-	-0-	-0-
Other	2,100	1,000	2,000	1,000
Miscellaneous Other Revenues				
Licenses & Certificates	81,000	85,000	90,000	5,000
Court Fees and Fines	30,100	35,000	55,000	20,000
Travel Permits	17,000	23,000	25,000	2,000
Other	4,321	5,000	5,000	-0-
	$5,154,441	$5,753,100	$6,838,600	$1,085,500

Government of American Samoa
Agriculture - Market Place
Estimated Revenues and Expenditures

	Actual 1970	Estimate 1971	Estimate 1972	Increase (Decrease)
Revenues:	$ 72,428	$ 46,545	$ 53,800	$ 7,255
Expenditures:				
Personal Services - Samoan	$ 23,684	$ 16,414	$ 20,000	$ 3,586
Personnel Benefits	1,120	931	2,000	1,069
Travel	-0-	-0-	800	800
Rent, Communications & Utilities	1,130	1,600	1,900	300
Printing and Reproduction	-0-	100	100	-0-
Other Services	2,220	5,500	4,000	(1,500)
Supplies and Materials	44,274	22,000	25,000	3,000
	$ 72,428	$ 46,545	$ 53,800	$ 7,255
Net Revenues	$ -0-	$ -0-	$ -0-	$ -0-
Positions: Samoan	(5)24,804	(5) 17,345	(5)22,000	(0) 4,655

Government of American Samoa
Territorial Liquor Store
Estimated Revenues and Expenses

	Actual 1970	Estimate 1971	Estimate 1972	Increase (Decrease)
Gross Revenues:	$ 368,798	$ 391,000	$ 425,000	$ 34,000
Cost of liquor sold:				
Inventory - July 1	$ 60,080	$ 75,000	$ 95,000	$ 20,000
Purchase and Freight in	127,046	140,000	160,000	20,000
Liquor available for sale	$ 187,126	$ 215,000	$ 255,000	$ 40,000
Less: Ending Inventory - June	$ 75,362	$ 95,000	$ 124,600	$ 29,600
Cost of liquor sold	$ 111,764	$ 120,000	$ 130,400	$ 10,400
Gross Profit:	$ 257,034	$ 271,000	$ 294,600	$ 23,600
Operating Expenses:				
Personal Services - Samoan	$ 14,366	$ 19,500	$ 13,320	$ (6,180)
Personnel Benefits	789	1,100	1,380	280
Travel - Persons	9	1,000	500	(500)
Transportation - things	3,761	300	100	(200)
Rent, Communications & Utilities	33	100	400	300
Printing and Reproduction	206	-0-	250	250
Other Services	6,604	-0-	300	300
Supplies and Materials	-0-	3,000	2,700	(300)
Equipment	4,266	1,000	650	(350)
Operating Expenses	$ 30,034	$ 26,000	$ 19,600	$ (6,400)
Net Revenues:	$ 227,000	$ 245,000	$ 275,000	$ 30,000
Positions: Samoan	(5)15,155	(5) 20,600	(4) 14,700	(-1) (5,900)

Government of American Samoa
Print Shop
Estimated Revenues and Expenses

	Actual 1970	Estimate 1971	Estimate 1972	Increase (Decrease)
Gross Revenues:	$ 125,024	$ 81,900	$ 123,784	$ 41,884
Operating Expenses:				
Personal Services	32,567	30,300	35,063	4,763
Personal Benefits	1,738	1,600	3,454	1,854
Travel - persons	36	-0-	62	62
Transportation - things	239	-0-	-0-	-0-
Rent, Communications and Utilities	363	500	2,150	1,650
Other Services	212	500	1,000	500
Supplies and materials	64,633	48,000	75,000	27,000
Equipment	736	1,000	7,055	6,055
Operating Expenses	$ 100,524	$ 81,900	$ 123,784	$ 41,884
Net Revenues	$ 24,500	$ -0-	$ -0-	$ -0-
Positions: Samoan	(12)$ 34,305	(11)$31,900	(12)$ 38,517	(+1)$ 6,617

Government of American Samoa
Air Force Housing
Estimated Revenues and Expenses

		Actual 1970	Estimate 1971	Estimate 1972	Increase (Decrease)
Revenues:		$ 80,556	$ 32,537	$ 52,409	$ 19,872
Expenditures:					
Personal Services		$ 16,645	$ 16,092	$ 23,608	$ 7,516
Personnel Benefits		799	805	2,227	1,422
Travel		-0-	150	-0-	(150)
Transportation		409	300	-0-	(300)
Rent, Communications & Utilities		5,157	2,640	5,000	2,360
Printing and Reproduction		21	50	75	25
Other Services		8,941	4,500	6,000	1,500
Supplies and materials		10,624	5,000	10,499	5,499
Equipment		3,255	3,000	5,000	2,000
		$ 45,851	$ 32,537	$ 52,409	$ 19,872
Net Revenues		$ 34,705	$ -0-	$ -0-	$ -0-
Positions: Samoan	(9)	$ 17,444	(12)$ 16,897	(12)$25,835	(0)$ 8,938

Note: This function is financed by funds received from the U.S. Air Force for operating the housing for the Air Force personnel stationed in American Samoa. The Air Force pays $3.00 per man per day for operating expenses. The operating agreement provides that all such funds must be used for the housing operations. Therefore, any net revenues are used in the following fiscal year to upgrade the housing, and are not transferred to the Government's General Fund.

Government of American Samoa
General Supply
Estimated Revenues and Expenditures

	Actual 1970	Estimate 1971	Estimate 1972	Increase (Decrease)
Revenues	$162,234	$162,977	$196,884	$ 33,907
Expenditures:				
Personal Services - Samoan	125,523	126,592	121,090	(5,502)
Personnel Benefits	5,691	6,750	12,109	5,359
Travel and Transportation	-0-	2,000	2,000	-0-
Rent, Communications and Utilities	2,767	3,500	4,500	1,000
Printing and Reproduction	66	300	500	200
Other Services	18,602	16,000	36,900	20,900
Supplies and materials	6,585	5,335	5,335	-0-
Equipment	3,000	2,500	14,450	11,950
	$162,234	$162,977	$196,884	$ 33,907
Net Revenues	$ -0-	$ -0-	$ -0-	$ -0-
Positions: Samoan	(60)$131,214	(61)133,342	(54)$133,199	(-7) $ (143)

Government of American Samoa
Procurement Office
Estimated Revenues and Expenditures

	Actual 1970	Estimate 1971	Estimate 1972	Increase (Decrease)
Revenues	$ 60,570	$ 63,251	$ 86,044	$ 22,793
Expenditures:				
Personal Services - Stateside	14,000	16,000	17,000	1,000
Personal Services - Samoan	29,563	33,301	42,131	8,830
Personnel Benefits	2,022	2,350	5,713	3,363
Travel	-0-	1,000	4,000	3,000
Transportation	87	-0-	3,000	3,000
Rent, Communications and Utilities	1,226	600	3,200	2,600
Printing and Reproduction	298	-0-	-0-	-0-
Other Services	7,940*	-0-	-0-	-0-
Supplies and materials	5,434	10,000	11,000	1,000
	$ 60,570	$ 63,251	$ 86,044	$ 22,793
Net Revenues (Deficit)	$ -0-	$ -0-	$ -0-	$ -0-
Positions: Contract	(1) $ 14,375	(1) $ 16,405	(1) $ 17,405	(0) $ 1,000
Samoan	(11) 31,210	(11) 35,246	(12) 47,439	(+1) 12,193

* Consists of relocation costs of $7,940.

GOVERNMENT OF AMERICAN SAMOA
AIR FORCE CAFETERIA
ESTIMATED REVENUES AND EXPENDITURES

	Actual 1970	Estimate 1971	Estimate 1972	Increase (Decrease)
Revenues:	$98,830	$78,947	$92,142	$13,195
Expenditures:				
Personal Services	$28,574	$30,378	$36,692	$ 6,314
Personnel Benefits	1,557	1,519	3,750	2,231
Travel Indigenous	146	200	-0-	(200)
Rent, Communications, and Utilities	3,207	2,200	3,700	1,500
Printing & Reproduction	6	150	175	25
Other Services	86	1,500	1,500	-0-
Supplies & Materials	57,934	31,000	41,825	10,825
Equipment	-0-	12,000	4,500	(7,500)
	$91,510	$78,947	$92,142	$13,195
Net Revenues	$ 7,320	$ -0-	$ -0-	$ -0-
Positions: Samoan	(12)$30,131	(12)$31,897	(14)$40,442	(+2)$8,545

Note: This activity is included on the schedule of local revenues by source under the "other" revenue category in the Department of Administrative Services.

Government of American Samoa
Electric Utility
Statement of Revenues and Expenses

		Actual 1970	Estimate 1971	Estimate 1972	Increase (Decrease)
Kilowatt hours generated		39,195,200	44,000,000	49,000,000	5,000,000
Kilowatt hours lost in distribution		5,824,067	4,400,000	4,900,000	500,000
		33,371,133	39,600,000	44,100,000	4,500,000
Sales		$1,203,460	$1,374,000	$1,512,190	$ 138,190
Expenses:					
Personal Services - Stateside		$ 32,382	$ 45,200	$ 54,060	$ 8,860
Personal Services - Samoan		141,220	283,300	286,770	3,470
Personnel Benefits		15,470	16,600	33,200	16,600
Travel & Transportation - Persons		2,400	8,900	2,540	(6,360)
Transportation of Things		2,200	3,700	2,830	(870)
Rent, Communications & Utilities		1,400	2,000	1,700	(300)
Printing and Reproduction		1,576	2,500	2,900	400
Other Services		2,000	15,000	34,600	19,600
Supplies and Materials		581,400	616,600	718,240	101,640
Equipment		13,912	48,600	75,350	26,750
		$ 793,960	$1,042,400	$1,212,190	$ 169,790
Net Revenues		$ 409,500	$ 331,600	$ 300,000	(31,600)
Depreciation (4% of Investment*)		140,000	160,000	190,000	30,000
Net Profit		$ 269,500	$ 171,600	$ 110,000	$ (61,600)
Positions: Stateside	(2)	$ 33,132	(2)$ 46,010	(2) $ 54,870	(-) $ 8,860
	(80)	155,940	(95) 299,090	(94) 319,160	(-1) 20,070

Government of American Samoa
Marine Railway
Estimated Revenues and Expenditures

	Actual 1970	Estimate 1971	Estimate 1972	Increase (Decrease)
Sales	$535,400	$646,300	$727,028	$+80,728
Expenses:				
Personal Services - Statesiders	$ 35,488	$ 35,500	$ 42,900	$+ 7,400
Personal Services - Samoans	258,387	290,400	311,902	+21,502
Personal benefits	21,107	19,200	38,626	+19,426
Travel - persons	1,006	1,700	6,500	+ 4,800
Transportation - things	908	-0-	5,000	+ 5,000
Rent, Communications, and Utilities	14,972	22,800	18,700	- 4,100
Printing and Reproduction	35	500	1,000	+ 500
Other Services	7,136	14,000	5,000	- 9,000
Supplies and Materials	137,558	175,000	200,000	+25,000
Equipment	14,302	22,200	32,400	+10,200
Net Revenues	$490,899	581,300	$662,028	$+80,728
	$ 44,501	$ 65,000	$ 65,000	-0-
Supplies and materials cost of goods sold				
Beginning inventory	$223,838	$200,000	$200,000	
Purchases	124,182	175,000	200,000	
Goods available	348,020	375,000	400,000	
Less: ending inventory	210,462	200,000	200,000	
Supplies and Materials used	$137,558	$175,000	$200,000	
Positions: Contract	(3) $ 36,613	(3)$ 36,715	(3)$ 44,115	(0)$ 7,400
Samoan	(100) 278,369	(102)308,385	(102)349,313	(0)+(40,928)

Government of American Samoa
Telephone Branch
Estimated Revenues and Expenditures

	Estimate 1971	Estimate 1972	Increase (Decrease)
Revenues:	$250,219	$261,619	$+ 11,400
Expenditures: 1/			
Personal Services - Stateside	$24,000	$ 27,000	$ 3,000
Personal Services - Samoan	86,287	105,037	18,750
Personnel Benefits	7,032	13,232	6,200
Travel and Transportation	9,400	3,000	(6,400)
Rent, Communications and Utilities	7,500	7,500	-0-
Printing and Reproduction	2,000	2,000	-0-
Other Services	8,000	8,850	850
Supplies and Materials	31,000	30,000	(1,000)
Equipment	65,000	55,000	(10,000)
Motor Pool	10,000	10,000	-0-
	$250,219	$261,619	$ 11,400
Net Revenues	$ -0-	$ -0-	$ -0-
Positions: Stateside	(1) $ 24,375	(1)$ 27,405	(-)$ 3,030
Samoan	(32) 92,944	(32) 117,864	(0) 24,920

1/ Expenditures for 1970 were budgeted within the Department of Public Works. 1971 is the first year that the telephone system will be budgeted on a revolving fund basis.

Government of American Samoa
Motor Pool
Estimated Revenues and Expenditure

	Estimate 1971	Estimate 1972	Increase (Decrease)
Revenues	$285,000	$320,000	$ 35,000
Expenditures: 1/			
Personal Services	$183,000	$200,000	$ 17,000
Personnel Benefits	12,500	20,000	7,500
Travel and Transportation	4,200	2,000	(2,200)
Communications and Utilities	950	3,000	2,050
Printing and Reproduction	600	1,000	400
Other Services	3,300	5,000	1,700
Supplies and Materials	80,450	89,000	8,550
	$285,000	$320,000	$ 35,000
Net Revenues:	$ -0-	$ -0-	$ -0-
Positions: Stateside	(1) 16,375	(1) 18,405	(0) 2,030
Samoan	(57) 179,125	(58) 201,595	(+1) 22,470

1/ Expenditures for 1970 were budgeted within the Department of Public Works. 1971 is the first year that the motor pool will be budgeted on a revolving fund basis. Departments have included a lease in each of their budgets; the lease rates include a depreciation factor for vehicle replacement.

Government of American Samoa
Airport Revolving Fund
Estimated Revenues and Expenditures

	Actual 1970	Estimate 1971	Estimate 1972	Increase (Decrease)
Revenues	$203,391	$237,552	$275,000	$ 37,448
Expenditures:				
Personal Services - Stateside	$ 2,087	$ 10,000	$ 15,000	$ 5,000
Personal Services - Samoan	107,309	119,272	150,800	31,528
Personal Benefits	5,164	5,280	16,580	11,300
Travel and Transportation	1,078	2,000	3,000	1,000
Printing and Reproduction	138	1,500	1,000	(500)
Utilities	11,704	15,000	14,500	(500)
Maintenance	32,914	40,000	22,000	(18,000)
Supplies and Materials	6,087	7,500	7,120	(380)
Equipment	4,740	8,000	20,000	12,000
Improvements	16,170	29,000	25,000	(4,000)
	$187,391	$237,552	$275,000	$ 37,448
Net Revenues	$ 16,000	$ -0-	$ -0-	$ -0-
Positions: Contract US	(1) 2,462	(1) 10,405	(1) 15,405	5,000
Samoan	(28) 112,098	(33) 124,147	(45) 166,975	(12)42,828

Summary of Personnel Services
United States and Samoan Employees

	1970		1971		1972	
	No.	Amount	No.	Amount	No.	Amount
Direct Appropriations						
Legislature	46	$ 97,385	45	$ 112,921	46	$ 348,450
Chief Justice & High Court	9	99,291	14	182,608	17	197,030
Governor's Office	14	166,499	12	182,644	13	178,112
	69	$ 363,175	71	$ 478,173	76	$ 723,592
Health Education & Welfare						
Dept. of Education	722	$3,313,797	780	$3,635,706	973	$4,048,722
Medical Services	364	1,457,522	354	1,879,059	378	2,198,054
Public Defender	3	23,585	3	24,931	3	28,075
Local Judicial	14	29,950	7	14,880	8	35,340
Legal Affairs	130	485,372	132	588,700	135	766,887
Civil Defense	2	5,266	2	11,646	2	14,446
Parks & Recreation	4	16,700				
Samoan Information	11	65,677	11	66,354	12	82,387
	1250	$5,397,869	1289	$6,221,276	1511	$7,173,911
Economic & Industrial Dev.						
Agriculture	75	$ 256,027	66	$ 261,929	68	$ 276,190
Local Government	86	87,565	93	117,932	94	135,812
Office of Tourism	5	15,359	6	27,189	5	25,792
Development Planning Office	4	11,000	4	49,500	5	59,100
Marine Resources			16	88,844	18	95,673
	170	$ 369,951	185	$ 545,394	190	$ 592,567
Operations Maintenance and Transportation Services						
Communications	34	$ 121,577	32	$ 119,236	34	$ 141,420
Public Works	347	1,059,166	329	1,062,175	342	1,303,589
Port Administration	52	202,896	55	212,020	62	265,456
	433	$1,383,639	416	$1,393,431	438	$1,710,465
General Administration						
Audit Office	4	$ 21,531	4	$ 33,531	5	$ 41,125
Administrative Services	87	455,661	69	408,479	79	474,649
Manpower Resources			20	123,867	23	164,998
	91	$ 477,192	93	$ 565,877	107	$ 680,772
Total, Budgeted Activities	2013	$7,991,826	2054	$9,204,151	2322	$10,881,307

Summary of Personnel Services
United States and Samoan Employees

	1970		1971		1972	
	No.	Amount	No.	Amount	No.	Amount
Revolving Funds:						
Telephone System			33	$ 117,319	33	$ 145,269
Motor Pool			58	195,500	59	220,000
Marine Railway	103	314,982	105	415,100	105	393,428
Agriculture - Market Place	5	24,804	5	17,345	5	22,000
General Supply	46	93,290	46	133,342	40	133,199
Liquor Store	5	15,155	5	20,600	4	14,700
Procurement Office	12	45,585	12	51,651	13	64,844
Air Force Cafeteria	12	30,131	12	31,897	14	40,442
Air Force Housing	9	17,444	12	16,897	12	25,835
Print Shop	12	34,305	11	31,900	12	38,517
Tafuna Supply	14	37,924	15	38,610	14	36,885
Electric Utility	82	189,072	97	345,100	96	374,030
Airport	29	114,560	34	134,552	46	182,380
Total New Budgeted Activities	329	$ 917,252	445	$1,549,813	453	$ 1,691,529
Total GAS	2342	$8,909,078	2499	10,753,964	2775	$12,572,836

Summary of Personnel Services
Samoan Employees

	1970		1971		1972	
	No.	Amount	No.	Amount	No.	Amount
Direct Appropriations						
Legislature	45	$ 80,868	44	$ 94,516	45	$ 329,545
Chief Justice & High Court	6	17,740	8	50,965	10	78,430
Governor's Office	10	37,915	8	47,421	10	67,516
	61	$ 136,523	60	$ 192,902	65	$ 475,491
Health, Education & Welfare						
Dept. of Education	599	$1,750,741	640	$1,954,504	857	$2,541,664
Medical Services	348	1,162,397	336	1,487,265	352	1,661,710
Public Defender	2	9,185	2	10,126	2	11,110
Local Judicial	13	18,400	7	14,880	8	35,340
Legal Affairs	127	426,022	128	515,713	130	678,862
Civil Defense	2	5,266	2	11,646	2	14,446
Parks & Recreation	3	6,300				
Office of Samoan Information	9	37,327	9	38,044	9	38,172
	1103	$3,415,638	1124	$4,032,178	1360	$4,981,304
Economic & Industrial Dev.						
Agriculture Department	73	$ 222,507	61	$ 201,519	67	$ 261,785
Local Government	86	87,565	92	107,127	94	135,812
Office of Tourism	5	15,359	6	27,189	5	25,792
Development Planning Office	3	4,500	3	29,095	4	38,695
Marine Resources			13	52,629	15	52,258
	167	$ 329,931	175	$ 417,559	185	$ 514,342
Operations, Maint. & Transp. Services						
Communications	34	$ 121,577	32	$ 119,236	34	$ 141,420
Public Works	340	950,211	322	906,285	331	1,107,134
Port Administration	45	129,296	50	165,095	57	212,431
	419	$1,201,084	404	$1,190,616	422	$1,460,985
General Administration						
Audit Office	3	$ 11,211	3	$ 13,776	4	$ 19,720
Administrative Services	76	287,758	59	248,038	68	283,770
Manpower Resources			18	78,632	20	129,461
	79	$ 298,969	80	$ 340,446	92	$ 432,951
Total Budgeted Activities	1829	$5,382,145	1843	$6,173,701	2124	$7,865,073

Summary of Personnel Services
Samoan Employees

	1970		1971		1972	
	No.	Amount	No.	Amount	No.	Amount
Revolving Funds						
Telephone System			32	$ 92,944	32	$ 117,864
Motor Pool			57	179,125	58	201,595
Marine Railway	100	278,369	102	378,385	102	349,313
Agriculture - Market Place	5	24,804	5	17,345	5	22,000
General Supply	46	93,290	46	133,342	40	133,199
Liquor Store	5	15,155	5	20,600	4	14,700
Procurement Office	11	31,210	11	35,246	12	47,439
Air Force Cafeteria	12	30,131	12	31,897	14	40,442
Air Force Housing	9	17,444	12	16,897	12	25,835
Print Shop	12	34,305	11	31,900	12	38,517
Tafuna Supply	14	37,924	15	38,610	14	36,885
Electric Utility	80	155,940	95	299,090	94	319,160
Airport	28	112,098	33	124,147	45	166,975
Total Non-Budgeted Activities	322	$ 830,670	436	$1,399,528	444	$1,513,924
Total GAS	2151	$6,212,815	2279	$7,573,229	2568	$9,378,997

Summary of Personnel Services
United States Employees

	1970		1971		1972	
	No.	Amount	No.	Amount	No.	Amount
Direct Appropriations						
Legislature	1	$ 16,517	1	$ 18,405	1	$ 18,905
Chief Justice & High Court	3	81,551	6	131,643	7	118,600
Governor's Office	4	128,584	4	135,223	3	110,596
	8	$ 226,652	11	$ 285,271	11	$ 248,101
Health, Education & Welfare						
Dept. of Education	123	$1,563,056	140	$1,681,202	116	$1,507,058
Medical Services	16	295,125	18	391,794	26	536,344
Public Defender	1	14,400	1	14,805	1	16,965
Local Judicial	1	11,550	-0-	-0-	-0-	-0-
Legal Affairs	3	59,350	4	72,987	5	88,025
Civil Defense	-0-	-0-	-0-	-0-	-0-	-0-
Parks & Recreation	1	10,400				
Office of Sam. Information	2	28,350	2	28,310	3	44,215
	147	$1,982,231	165	$2,189,098	151	$2,192,607
Economic & Industrial Dev.						
Agriculture	2	$ 33,520	5	$ 60,410	1	$ 14,405
Local Government	-0-	-0-	1	10,805	-0-	-0-
Office of Tourism	-0-	-0-	-0-	-0-	-0-	-0-
Development Planning Office	1	6,500	1	20,405	1	20,405
Marine Resources	-0-	-0-	3	36,215	3	43,415
	3	$ 40,020	10	$ 127,835	5	$ 78,225
Operations, Maintenance and Transportation Services						
Communications	-0-	-0-	-0-	-0-	-0-	-0-
Public Works	7	108,955	7	155,890	11	196,455
Port Administration	7	73,600	5	46,925	5	53,025
	14	$ 182,555	12	$ 202,815	16	$ 249,480
General Administration						
Audit Office	1	$ 10,320	1	$ 19,755	1	$ 21,405
Administrative Services	11	167,903	10	160,441	11	190,879
Manpower Resources	-0-	-0-	2	45,235	3	35,537
	12	$ 178,223	13	$ 225,431	15	$ 247,821
Total Budgeted Activities	184	$2,609,681	211	$3,030,450	198	$3,016,234

Summary of Personnel Services
United States Employees

	1970		1971		1972	
	No.	Amount	No.	Amount	No.	Amount
Revolving Funds						
Telephone System			1	$ 24,375	1	$ 27,405
Motor Pool			1	16,375	1	18,405
Marine Railway	3	36,613	3	36,715	3	44,115
Agriculture - Market Place	-0-	-0-	-0-	-0-	-0-	-0-
General Supply	-0-	-0-	-0-	-0-	-0-	-0-
Liquor Store	-0-	-0-	-0-	-0-	-0-	-0-
Procurement Office	1	14,375	1	16,405	1	17,405
Air Force Cafeteria	-0-	-0-	-0-	-0-	-0-	-0-
Air Force Housing	-0-	-0-	-0-	-0-	-0-	-0-
Print Shop	-0-	-0-	-0-	-0-	-0-	-0-
Tafuna Supply	-0-	-0-	-0-	-0-	-0-	-0-
Electric Utility	2	33,132	2	46,010	2	54,870
Airport	1	2,462	1	10,405	1	15,405
Total Non-Budgeted Activities	7	86,582	9	150,285	9	177,605
Total GAS	191	$2,696,263	220	$3,180,735	207	$3,193,839

FUNDING GUIDELINES

Mrs. HANSEN. Governor Haydon, funding for your various activitives is derived from direct appropriation, local revenues and other Federal grants. Describe for the committee the general guidelines you follow in determining the source of funding for the various activities.

Governor HAYDON. Well, I follow the guidelines that we set down the first time I appeared before you, Mrs. Hansen. That is that other Federal programs could not be taken advantage of without informing you that we are going after them and that we have received them. Furthermore, they should not duplicate programs which are traditionally funded by direct appropriations by your committee.

Now, that is the basic approach. The third portion is that I don't want any programs that we don't need in American Samoa because our sources of matching funds, which is local revenue and is our only source, is limited. That is another of the guidelines that we have with you: No Federal funds will be used for matching. We have been fairly ingenious in a few areas and have used in-kind in order to get outdoor recreation programs. But their rules are fairly strict, too; so we don't have a great deal of latitude.

We are about to get our first national endowment of the arts program. The only other source of money we have is the private foundations. I think the committee has ruled funds donated by private foundations is OK so we can get some more revenue. So I recently ordered the book of foundations which is about this thing and we are about to start letterwriting campaigns to them. These are in specific areas, the arts and crafts, where the priority isn't high enough to come and ask for direct appropriations.

Our budget breaks out the sources, whether it is local revenue, direct appropriations or other Federal programs. That again was in agreement with this committee a year ago.

Mrs. HANSEN. Hasn't this made for a more orderly budgetary system?

Governor HAYDON. It does for us and I am sure it does for your committee to see where the funds come from. I keep sending notes every month or so to the grant control officer saying is there anything that we have not informed the committees about because I have been determined—as are both Mr. Meeuwsen and Mr. Verlander—to tell you we will follow those guidelines. I had one man who didn't do it and he is no longer with us. I couldn't get him to see it our way and he insisted on going ahead, so I relieved him. I am determined we are going to play fair and square with this committee and if we do we will get an equitable share. We have lots of heavy needs but so do other people, too.

Mrs. HANSEN. The tragedy has been that as this explosion of needs develops, funds have been tremendously curtailed. This is really one of the unrewarding functions of serving on an appropriations committee which is dedicated to trying to solve some of the very disastrous and catastrophic ills we have today. But you cannot place the blame on this committee or anybody in the Federal Government.

It is a result of the times we are living in.

Are you paying the same wages to the Samoans as you are to the stateside personnel?

WAGE EQUALIZATION

Governor HAYDON. Yes. This, as you know, was an immediate goal and it took several months to work out all of the details but we have equal pay for any Samoan who is qualified who takes over a stateside contract job. He is paid 100 percent of the base salary (or 80 percent of the statesider salary).

As you know, statesiders are given a hardship allowance of 25 percent. However, if we should hire a Samoan who has taken up residence in the United States, we would treat him the same as a contract employee and pay him the 25 percent hardship differential. We go to the church groups particularly along the west coast and we advertise every job 6 months in advance to the best of our ability to give time to get a reaction. We have made some substantial gains in this area of Samoan recruitment.

Our new delegate-at-large is the former director of agriculture. He was replaced by another Samoan. Many statesiders in our teaching system have been replaced by Samoans. In Mr. Meeuwsen's own department, a number of contract people have been replaced by Samoans.

We have filled more major jobs with Samoans in the past year and a half than frankly, in a long, long time. Our trick is to find the Samoan who has the particular skill that we need. We are hoping to get our first Samoan doctor back this year, Dr. Williams. He is the first in history if we get him back. Heretofore, a well educated Samoan with a degree was not willing to come back because he wasn't being paid fairly. Instead, he received about one-third of the contract salary.

Now, we have some people who, you might say, were inherited. In other words, they took over the job before I put in wage equalization. However, they are entitled to be treated fairly and will be.

The U.S. Department of Labor will be down at the end of this month to negotiate our general wage scales throughout. Our wages in the South Pacific are 3 to 4 times that of any other area. Our minimum wage depending on category is 88 cents with farm field labor at 50 cents. This creates a problem in immigration since aliens want to come into American Samoa because the wages are so much higher than Western Samoa.

Mrs. HANSEN. What is the prevailing wage in Western Samoa?

Governor HAYDON. In Western Samoa it is about 25 or 30 cents.

ALIENS

Mrs. HANSEN. Do the wages of the aliens who come into American Samoa from Western Samoa revert to Western Samoa?

Governor HAYDON. Part of them could because undoubtedly they would have family ties in Western Samoa. But all of their earnings are subject to income tax. We have a few people that get out of town without paying their taxes but they are mostly stateside schoolteachers. We have that pretty well cut down on these, however, to a bare minimum. As you know we pay our taxes to the Internal Revenue Service who then refunds the entire payment to the individual who then remits it to the Government of American Samoa.

I was entitled to attend a conference on revenue sharing. I said, "What for? We have it in American Samoa!"

A few people do leave. They go out before the refund has been made and somehow or other they forget to send it back. We are chasing them with the help of the IRS and gradually catching up with them.

Mrs. HANSEN. How many aliens go into American Samoa per year?

Governor HAYDON. Well, the speaker of the house is also the chief of immigration. May I ask him to respond?

Mr. UTU. We have an average of 200 a month.

Mrs. HANSEN. What is their reason for coming into American Samoa?

Mr. UTU. Most of them are coming for a visit. As you know the Western Samoan and the American Samoan have a very close family relationship. Some of the brothers and sisters of people in Western Samoa live in American Samoa. So most of them come to visit.

Mr. HANSEN. If they come in to visit you have no problem but when they compete for jobs is when you have the difficulty.

Do they offer to work for less, for example, than the American Samoans?

Mr. UTU. We have some problems with some of them who want to stay and work in Samoa. But they have to get permission from the Immigration Board first.

Mr. VERLANDER. I would like to add at this point that by following our long-range planning income and employment projections we expect to reduce employment now held by immigrants by 70 percent over the next 5 years.

Governor HAYDON. Basically in farm labor, everyone has to pay the minimum wage for the job classification. But a farmer employing less than five does not have to pay the minimum wage. Here is where you begin to get into a gray area.

The speaker is right. These are not strangers to the shores. They are almost invariably members of families who live in great family interrelationship. So it is very hard. There are few people jumping off boats and swimming in the dark. It is a very hard thing to control.

GOVERNOR'S OFFICE

Mrs. HANSEN. You are requesting one new Samoan position for the Governor's office. What type of position will this be?

Governor HAYDON. He is the administrative assistant.

Mrs. HANSEN. Justify your increase of $1,100 for utilities in the governmental offices.

Governor HAYDON. As you know, we centralized all of the governmental offices. Only two departments are yet to be moved and that will be done in the next 30 to 60 days: the Office of Samoan Information and the Office of Economic Development and Planning. Thus, all of the offices of the government will be located in one central location, the old Navy hospital. There is more air conditioning being used. We don't consider this is luxury, frankly, it is a very hot and humid place.

Mrs. HANSEN. What is your average temperature?

Governor HAYDON. Eighty-four and average humidity is close to 100 percent most of the time. The production of people just doing paperwork goes down if you don't have air conditioning. It is a tough way to work. Our electrical generating costs are extremely high making air conditioners expensive to operate.

CHIEF JUSTICE AND HIGH COURT

Mrs. HANSEN. You are requesting an increase of $8,362 for travel transportation costs due to stateside personnel turnover and operation of lower court. Give us the details on this please.

Governor HAYDON. Well, we have added a third judge's position which is not yet filled and we have to anticipate travel cost for that person. Also, a third court clerk, as I recall, for whom we have to pay transportation costs for his family and household goods.

Mrs. HANSEN. Do you have a retirement program for all of your employees?

Governor HAYDON. No; we don't. We are anticipating implementing a retirement program this year.

Mrs. HANSEN. What percent of your employees have a retirement plan?

Governor HAYDON. None except Civil Service, which means none.

GAS RETIREMENT

Mrs. HANSEN. I note in your justifications that you are requesting funds for a retirement program.

Governor HAYDON. You will find retirement throughout this budget, Mrs. Hansen. We figure it is coming in. The U.S. Civil Service will complete, on March 19, the retirement plan study. We have given them all of the job classifications, and so on. The legislature has appropriated from the corporate tax reserve fund $600,000 for implementation.

When we get the study, the Commission will tell us how much it is going to cost for retirement for everybody who is employed by the government.

Mrs. HANSEN. How many of your jobs are covered by social security?

Governor HAYDON. All that you would find here.

Mrs. HANSEN. But this does not include your government?

Governor HAYDON. No.

Mrs. HANSEN. Are the legislative jobs covered by social security?

Governor HAYDON. No; they are not and will not be unless we change the law. We are going to a full-time legislature. We believe the Secretary will sign the bill this month passed by the people in the last election. It is an either/or situation.

You cannot work both for the government and be in the legislature. So some 18 members of Fono will have to make the decision whether they will stay with the legislature or stay with government.

DRUG ABUSE

Mrs. HANSEN. We had a discussion last year about drug abuse in American Samoa. Is this problem under control?

Governor HAYDON. It is a problem but it is a small problem and I think we have it very well under control. One thing, the approach we take is deliberately not dramatized. We are not so much concerned about the few youngsters who are using marihuana and something else——

Mrs. HANSEN. I can tell you don't have TV and the press.

Governor HAYDON. We have TV and we do have the press. What we have been trying to do is find the people who are supplying marijuana to these kids. Most of it is coming out of Hawaii. Our police department and the attorney general has set up a good relationship with the narcotics bureau and the Hawaii police.

Another thing we have been worrying about is the ships and fish boats coming in there, they could become a source, not so much for Samoa, but a source for drugs to go on to other places. But I would say our problem is not major, it is very small with very few children involved.

It is mainly a washoff in Hawaii.

BACKLOG OF HIGH COURT CASES

Mrs. HANSEN. What is your backlog at the present time in your high court cases?

Governor HAYDON. This carries only 269 in June of 1970 and it is 160 at the present time.

Mrs. HANSEN. Is there any reason for that?

Governor HAYDON. The justification is the paragraph pointing out the reason why this is not a true reflection in that there are a number of debt actions on notes owed to the bank.

Generally, our backlog is coming down and with our third judge on the job we should be in pretty good shape. Our chief justice, Don Crothers, a rather remarkable man, has set up a village magistrate system in which we have one in every single village. It doesn't mean they are all working. These are for small things normally taking up the court's time.

In addition, he set up a small claims court which means any case under $300 can be adjudicated through the small claims court. Our major cases are in the area of Matai titles, land cases, and major crimes of which we don't have too many.

LEGISLATURE

Mrs. HANSEN. How many members do you have in your legislature?

Governor HAYDON. Eighteen in the senate and twenty-two in the house.

Mrs. HANSEN. How long is your session?

Governor HAYDON. It is 40 continuous days, it starts on the second Tuesday of each February of each year and then special sessions can be called as needed, limited to content and limited to days. It usually has been, on what special sessions we had, I would confer with the speaker and the president, between the three of us we would decide on the content.

Mrs. HANSEN. Who calls the sessions?

Governor HAYDON. I call them. Mr. Verlander reminded me that since we are going to a full-time legislature we will be going to two 30-day sessions per year and I would still have the privilege of calling special sessions if needed.

Mrs. HANSEN. Have the salaries of the members increased from $600 to $6,000 per year?

Governor HAYDON. Right.

Mrs. HANSEN. Do you belong to the National Legislative Leaders Council?

Mr. HAYDON. Yes, our Fono sends a group to those meetings each year.

Mrs. HANSEN. Mr. McDade.

SOURCE OF REVENUE

Mr. MCDADE. Madam Chairman, if I may, let me try to get this straight in my mind. Your total budget of $20 million, that is made up of about 11 point something million local revenues and 8 point something——

Mr. HAYDON. $11.198 million direct appropriated funds, $6.38 million of local revenues with the remainder coming from other Federal grants.

Mrs. HANSEN. Will the gentleman yield at this point?

Mr. MCDADE. Yes.

Mrs. HANSEN. Please insert in the record the source of your revenue for the past 5 years.

Mr. HAYDON. All right. Our local revenue is steadily growing as you know.

(The information follows:)

AMERICAN SAMOA

SOURCE OF FUNDS

FISCAL YEAR	INTERIOR APPROPRIATION	LOCAL REVENUES	OTHER FEDERAL GRANTS	TOTAL
1968	$ 7,324,791	$3,326,087	$ 375,000	$11,025,878
1969	7,170,000	3,698,860	410,000	11,278,860
1970	6,936,000	5,023,500	450,000	12,409,500
1971	8,231,000	5,723,100	1,110,000	15,064,100
1972	11,198,000	6,838,600	2,061,400	20,098,000

Mr. McDade. The authority for the $11 million is general legislation pertaining to American Samoa?

Governor Haydon. The authority of your committee.

Mr. McDade. That is all I have, Madam Chairman.

Mrs. Hansen. Mr. Wyatt.

Mr. Wyatt. I guess this would be an appropriate time, Madam Chairman, you were inquiring about the inroads drugs had made in Samoa. What were the circumstances surrounding this juvenile suicide, Governor? Did this have any drug implication?

Governor Haydon. Unrequited love, to be honest about it.

Mr. Wyatt. It is not a peculiar problem of Samoa, then?

Governor Haydon. It is peculiar in that suicide is so rare in Samoa. It just does not happen. The only reason I included that picture is that I wanted to indicate there are juvenile problems. We were awarded one of the 28 Youth Conservation Corps programs, and we will have 220 children employed this summer. There is not a lot to do in Samoa and it means a lot to those kids to have something to do.

Mr. Wyatt. Thank you, Madam Chairman.

DEPARTMENT OF EDUCATION

Mrs. Hansen. Your appropriation in fiscal year 1971 was $4,250,716 and this year's request is $4,967,000, which represents an increase of $716,284.

SCHOOL ENROLLMENT

How many youngsters 16 to 18 are enrolled in school in American Samoa?

Mr. Verlander. I can break it down for you further if you like. Would you like to include early childhood?

Mrs. Hansen. What is the total school age population?

Mr. Verlander. We have 10,600.

This is the total population at all stages. Some children are going to private schools.

Mrs. Hansen. What percent of the children are in school?

Mr. Verlander. About 95 percent at this time. We have 99 percent in elementary and 95 percent in secondary grades.

Mrs. Hansen. How many private schools do you have, and who runs them?

Governor Haydon. The Mormon Church runs one and the Catholic brothers run another smaller school. The Mormon high school is quite large.

EARLY CHILDHOOD EDUCATION

Mrs. Hansen. How many youngsters in American Samoa are eligible and how many are enrolled in your early childhood program?

Mr. Verlander. In 1972 we will have a total population of 3,500 youngsters between the ages of 3½, 4, and 5. Of these 3,400 will be enrolled.

Governor Haydon. Approximately 2,700 are now in early childhood education. We have actually gained on it since the budget report was made up. This is a matter of training teachers. As fast as we can get a teacher trained Dr. Johnson can start another class.

Mrs. HANSEN. What is your teacher-pupil ratio in your classrooms, in elementary, secondary, and early childhood?

Governor HAYDON. Those classes are roughly about 25 little kids in the early childhood. This is off the top of my head. In high school now I think we quoted earlier 19 to 1, and elementary, 23 to 1; however, in elementary we plan to go next year, fiscal year 1972 to 26 to 1.

Mrs. HANSEN. Do you have sufficient classrooms at the present time to house your children?

Governor HAYDON. I would say except in early childhood, yes; we do. We are building four classrooms now and we will have some classroom building within this budget which is taking care of the normal population growth. Early childhood, however, is taught in the Samoan home, not in the classroom. This way we have not needed to have little schools for these youngsters.

Mrs. HANSEN. Do you have a kindergarten program?

Governor HAYDON. We do not have a kindergarten program.

Mrs. HANSEN. Will you eventually have kindergartens?

Governor HAYDON. I cannot say yes or no because this is under study by our director of education.

Mrs. HANSEN. The committee will be interested in that report because we are very much concerned about proper early childhood development.

TEACHER QUALIFICATION

As I understand, part of the failure of the educational TV system was insufficient teachers in the classroom. Is this correct?

Governor HAYDON. I do not think it has been a matter of numbers, Mrs. Hansen, as it has been teachers themselves who were insufficiently educated. So in-service has been given heavy emphasis.

IN-SERVICE EDUCATION

Mrs. HANSEN. Who does your in-service education?

Governor HAYDON. We have a contract with the University of Hawaii, although we do not restrict ourselves there. We use people from Stanford and various places depending on the specialty involved to help us with our educational system, plus the community college, of course.

Mrs. HANSEN. Do you have an educational director?

Governor HAYDON. Yes, Milton de Mello.

I would like you to know for the record how many of these people are Samoans compared to a year ago.

Mrs. HANSEN. I would like to have that information for the record. Why don't you insert in the record the number of Samoan classroom teachers and their qualifications as compared with stateside personnel for the past 5 years.

Governor HAYDON. It has been happening very fast in the last year. Both our high school principals and our elementary school principals are primarily Samoan. In many cases we have palagis working under Samoan principals. In the top jobs in education, many are now held by Samoans. But again, it is hard to find them. Until we had salary equalization it was impossible; now that we have that we are beginning to get these people back. We have more on the way too.

We will submit that for the record after we get home.

Mrs. HANSEN. Yes, please do.

(Information supplied follows:)

AMERICAN SAMOA

[The information requested is as follows]

Year	Teachers		Principals		Vice principals	
	Samoan	Stateside	Samoan	Stateside	Samoan	Stateside
1967	275	60	0	25	10	15
1968	300	68	0	25	10	15
1969	333	75	3	22	20	5
1970	352	65	10	15	25	0
1971	376	90	15	10	25	0

Mrs. HANSEN. We discussed last year the problems you were having on maintaining your television equipment. Have you solved these problems?

ETV MAINTENANCE

Governor HAYDON. No; we have not. It was felt we did not need too much, and we had a team come down, commercial TV, technological people come down, and I would say in 1973 we are going to have to have fairly major replacement equipment. One is air-conditioning in our studios. The equipment just falls apart as you look at it because of the heavy salt content in the air.

Mrs. HANSEN. What are the requirements to bring the equipment up to standard?

Mr. VERLANDER. In 1973, as far as rehabilitation of major buildings and equipment goes, we are talking approximately $400,000. On top of this would be our normal replacement in TV electronics equipment, which is running between $200,000 and $300,000 per year.

Mrs. HANSEN. What does it cost per year to maintain and operate your TV system?

Governor HAYDON. Can we provide that, Madam Chairman?

DIRECTION OF ETV

Mrs. HANSEN. Please do.

(The information follows:)

The annual cost to maintain the TV equipment has been as follows:

1967 (actual)	$187,000
1968 (actual)	202,000
1969 (actual)	172,000
1970 (actual)	252,000
1971 (estimate)	347,000

Mrs. HANSEN. How many teachers does this replace?

Mr. VERLANDER. I do not think at this point we are talking about replacing teachers. It is a more effective tool for teaching.

Mrs. HANSEN. Fine.

In what areas do you find it significantly useful?

Governor HAYDON. Primarily in the elementary school. We are actually going away from it in high school. Because of TV, I have to repeat what I said before, I think too many people thought you could

put television in American Samoa and everybody magically became educated. It just is not so.

Mrs. HANSEN. There is still no replacement for a good school teacher. This is a basic part of education.

Governor HAYDON. The community college indicates the need by the number of students we have enrolled there. To this day I never will understand why vocational training was removed from Samoa 8 years ago, but it was. Now we are reinstituting it and our community college is fulfilling that need.

As far as I am concerned, the future of Samoa rests with the department of education. Health is vital, but the running of the country depends on the department of education. Without it it will never happen.

Mrs. HANSEN. What areas in elementary school education have been the most successful?

Governor HAYDON. It would be hard for me to pinpoint areas, but what I can pinpoint is, that the child who started out from the time he began school has progressed far more than our high school students who had only 8 years of it. In other words, level against level, the child in the eighth grade, now after 8 years television, is way ahead of any high school graduate we have. This is called the "lost generation"—those who didn't have the whole 12 years.

Mrs. HANSEN. So your investment in television has been very worthwhile?

Governor HAYDON. I think it is worthwhile. It can stand a lot of improvement in techniques and refinement. But just to show something on the screen and think the child is going to learn, is wrong. The thing really hit me like a sledge hammer. Testifying before a subcommittee just recently here in Washington someone said, "To hear is to forget, to see is to remember and to do so is to learn." It really struck me because television is seeing all the time. That is why it can't be a substitute. We have a Samoan teacher in the classroom to explain the lesson first, then the television, and possibly a test afterwards. But the faces jump around on the tube and I know my colleagues back here will join me in this: That the TV is not the whole thing. It is merely a tool for teaching. Nothing beats a real good teacher.

Mr. WYATT. What you have done, Governor, really is to convert this from a principal methodology to just one of the many tools.

Governor HAYDON. It is still our major tool simply because of the investment that has been made in this system, and you just can't throw it down the tube.

Mrs. HANSEN. I think it has to be understood that this is just one ingredient. You still have to have good teachers, textbooks, and equipment in the schools. You have to have all of these things to make a good education program.

Mr. WYATT. Weren't you really using television as the educational process? Not you but your predecessors?

Mrs. HANSEN. I think the former Governor of American Samoa felt the need to develop an educational process quickly because there wasn't enough classroom teachers recruited. Everything was insufficient and this provided a means of developing an educational system rapidly. This has to be remembered in that context.

Governor HAYDON. The Samoan people have questioned the value of television and I think the complaints are far less now because of the more effective use of television. One thing that interested me a great deal is that we are having a study team financed by a foundation from India to come to Samoa shortly to study our system. I feel over and beyond the education of the Samoan children that if we can show that the system will work as a real tool of education, there are a good many million other kids in the world that can use it.

Mrs. HANSEN. I served on the Foreign Operations Committee for 6 years and we recommended many times that the undeveloped nations of the world, who were struggling with their educational system, ought to study the Samoan system.

Governor HAYDON. I think you will remember if we had gone to a stateside contracting, we would have had to fire 300 or 400 Samoan teachers.

Mr. WYATT. I didn't mean to be critical of the system, but I just wanted to be sure that I had the correct impression in my mind and that is that there was a switch to almost total TV, and that is being modified somewhat where the TV is now the principal tool but it is being used in connection with real live persons and it is being used more effectively now than if it was just being used in an empty classroom with no other methods.

Governor HAYDON. It is being more effective all the time. I think it is interesting that our teacher turnover this year will be about half what it has been in the past. I am very tickled by this because as you know, every time we move a body it takes so many dollars for household goods, and so forth. The longer a teacher stays in Samoa the more beneficial since it takes almost 2 years to get accustomed to the environment and to begin to learn about the customs of the people that live in Samoa.

Mrs. HANSEN. There has been a great interest in the United States in recent years to supplant the teacher in the classroom with educational TV. I think it should be remembered that educational television can be a very fine ingredient, but it never will replace the teacher in the classroom. That screen isn't going to answer the little boy who can't learn to add two and two.

SCHOLARSHIPS

You are requesting $100,000 for a stateside scholarship program. There have been some rumors that some of these students have been attending colleges in the United States that have very little to offer in the way of education. Can you give us the details on these accusations?

Governor HAYDON. Well, I sent a team to the United States. We had 120 on scholarships. I had the team go to the school and interview each youngster. We wired ahead and asked to have the record of attendance and the grade transcript available for each youngster. The net result was that we pulled 86 pupils out of the scholarship program. The scholarship program has been, I would say, absolutely unsupervised for the past decade. The children have been given the money and tossed off—unsupervised. There wasn't any testing or any analysis of the child's talents before he was given the scholarship.

Mrs. HANSEN. What is your analysis of the colleges the students are attending?

Governor HAYDON. The same thing. Some of the colleges, I feel, are absolutely derelict. They have taken our money and really offered nothing in return. It has been a bread-and-butter proposition for a few of these schools. None of our children are attending those colleges any more. We called each mother and father in and explained to them about each individual student. Some of them were here in the States on drugs in some cases. All kinds of social problems were evident. Some weren't attending the school and some weren't living in the city where the school was. But it took an investigative team to find out.

Now we have a pre-analysis of the student and the schools are reviewed and chosen. We are putting more emphasis on the use of the University of the South Pacific because it is geared to the culture and problems of the South Pacific and the kids will be supervised. We had one young man who had been in the scholarship program for 5 years and wasn't even past the sophomore level. He was failing to boot. In these cases, we gave them tickets to come home for community college education to catch up.

I think only about five youngsters came home.

Mrs. HANSEN. Won't your community college help in the education of the kids that aren't doing well at stateside colleges?

Governor HAYDON. That is the feeling. For those who are bright and who want to go on to universities or colleges, they are upgraded academically—particularly in English. Samoan youngsters are as bright as youngsters anyplace else. But when a young man shows up in a university and the professor opens up his folder and starts in, he is out right now.

We have only had a handful of young men from Samoa who were able to get a degree from a good U.S. college or university.

Mrs. HANSEN. I think this can be said of all of the young people who have language difficulties. You have the same problem with the Indian young people. You must break that lingual barrier with your early education program. That is going to be part of the answer.

Off the record.

(Discussion off the record.)

EDUCATIONAL FEDERAL GRANTS

Mrs. HANSEN. $1,036,500 is budgeted for other Federal grants for education.

Would you give us a summary of the success you are having in this connection?

Governor HAYDON. You mentioned books a moment ago and that is a good one to start with.

As you know, there are few books in Samoa. There is no literature in Samoan so obviously we have to have—before we even have books—we have to have English proficiency and then the books to read. We just doubled the size of our library and we have obtained, if I am correct, Mike, we have now obtained the traveling library, the mobile library. It is on the island now.

Mrs. HANSEN. Where is the mobile library from?

Governor HAYDON. I don't know where we got it. It is a standard book mobile.

Mrs. HANSEN. Do you have one of your own people writing your textbooks?

Governor HAYDON. Yes, in the elementary levels we write all of our own texts in English.

Mrs. HANSEN. Are they relevant to your own Samoan culture?

TEACHER TRAINING

Governor HAYDON. Exactly. We also have a system to train Samoan personnel. The contract that was approved by your committee with the University of Hawaii has been very meaningful as far as I am concerned. We have not spent all the money. There were some areas we decided weren't necessary.

We have not spent all of the money that was allocated for the contract. We hope to use that money to continue to contract for a while in other areas, particularly inservice teacher training. We give heavy emphasis to that.

Mrs. HANSEN. Who does your inservice teacher training?

Governor HAYDON. We hire people directly as well as teach through the community college. We improvise a lot in a place like Samoa. It amazes me to see the determination on the part of our teachers, many of whom have taught for many years but are not accredited. But they will continue their inservice teaching and can become accredited at the University of Hawaii.

We have been using the various title programs for counseling and evaluation. This is probably one of the more erudite and hard to understand areas and I think it needs constant supervision and language development in crash English.

EVENING TELEVISION

Our whole evening television has changed a great deal, the content of the programing being used has changed materially.

I lived there a year and would never watch television. I now find myself watching it quite often because it is a superior kind of program. We have had a lot of free help from one man in Hawaii who grew wealthy in the television business and has taken us on as a hobby.

SCHOOL LUNCH

Mrs. HANSEN. Does every youngster in school get a good school lunch?

Governor HAYDON. Yes, everyone except those in early childhood. They have not been eligible but the Director of Education told me——

Mrs. HANSEN. Why weren't they eligible?

Governor HAYDON. I don't know, they just weren't under the law.

Mrs. HANSEN. Kindergartens are eligible.

Governor HAYDON. Well, this has driven me crazy. The little cookies they make could have some goodies stuffed into them and fruit juice that has special vitamins. We would like to give them at least that, but all they have been getting is a cup of water.

The Department of Agriculture offered me $20,000 for commodity distribution and I wrote back and said I will take it if I can give it to the kids. They said no, it is against the law.

Mrs. HANSEN. Well, that is an unrealistic rule.

Governor HAYDON. That is what I thought too, twice in a row I tried. Maybe they wanted to send me gallons of lard or something, I don't know. But they wouldn't let me use the money for that purpose.

Mr. VERLANDER. It is particularly important down here where approximately 80 percent of the children, by the time they reach 8 years old, have suffered some sort of malformation as a result of improper diet.

Mrs. HANSEN. That is right.

Do you also have a breakfast program?

Governor HAYDON. No.

Mrs. HANSEN. Do the children receive an adequate breakfast at home?

Governor HAYDON. Yes.

Mrs. HANSEN. Do the children that ride school buses, if they have a long ride, receive something to eat before they go home?

Governor HAYDON. Well, early childhood is done in the village where the child lives so there is no problem there. The others, the rides are quite short. Some children walk—we don't have a school in every village so some children walk from one village to another. They eat breakfast at home before they leave, they are served a hot lunch at school and school breaks early.

Our elementary students get out at 1 p.m. and the high schools are dismissed at 2:30 p.m. so they are home for the evening meal.

Mrs. HANSEN. Please insert in the record a couple of sample menus of your hot lunches.

Governor HAYDON. Yes, they are good menus.

(The information follows:)

Sample menu for March 1, 1971:
- Ground beef with gravy
- Rice
- Mixed vegetables with butter
- Chilled pears
- Milk

Menu for March 11, 1971:
- Stewed chicken with rice
- Mixed vegetables
- Peaches
- Milk

Mrs. HANSEN. Are the lunches served without cost?

Governor HAYDON. They have to pay if they can.

Mr. VERLANDER. These are served free now. Last year they did have a very minimal charge, about 5 cents.

Mrs. HANSEN. Four or five cents to a Samoan could be a lot.

Governor HAYDON. Well, this was a requirement of theirs, not of ours. But now it is free.

This coming school season we are trying to make certain that early childhood kids can be fed.

Mrs. HANSEN. How long do the early childhood youngsters attend class?

Governor HAYDON. Two hours or three hours. If they get interested they might want to stay a little longer.

Mrs. HANSEN. This is one place where you can begin your nutrition programs.

Governor HAYDON. Yes.

COMMUNITY COLLEGE

Mrs. HANSEN. Do you have anything to add on your community college?

Governor HAYDON. Yes.

I look back at the fact that the University of Hawaii estimated only 300 would attend. We are 4 weeks into our second semester, however, and the unduplicated head count is 791 with a total enrollment of 936. Two hundred and thirty-seven are carrying 12 or more hours. This gives us a full-time enrollment equivalent of 781. These are not just post-high school students, these are people of every age and both sexes trying to improve themselves on the job so that they can make a better living.

Mrs. HANSEN. What is your tuition?

Governor HAYDON. Nothing. We charged a small tuition the first year and just abandoned it.

Mrs. HANSEN. How much of the funds for the community college are from the local revenues?

Mr. VERLANDER. The community college is funded 100 percent through local revenues with the exception of other Federal grants.

Mrs. HANSEN. Mr. Obey.

Mr. OBEY. No questions.

Mrs. HANSEN. Mr. McDade.

Mr. MCDADE. Just one question.

LOCAL REVENUE FOR EDUCATION

I note, Governor, on page 29 of your justifications, under your summary for education, you have showing, a drop in local revenues committed to education in the neighborhood of $400,000. What is the reason for that?

Mr. VERLANDER. The local revenues are appropriated by the legislature so this represents their priorities as far as the local revenue program distribution is concerned. They will not necessarily follow 1 year after the other, it is continually changing.

Mr. MCDADE. If they have cut the budget here they have applied it someplace else?

MEDICAL ITEMS

Mr. VERLANDER. That is true. I believe in medical services, that was one of their highest priorities. Local revenues were also applied to the construction budget.

Governor HAYDON. Interior budget in medical goes from—actually local appropriations come under medical too, don't they?

Mr. VERLANDER. Yes.

LEGISLATIVE BUDGET

Mr. UTU. If you look at the legislative budget there is a $300,000 increase there because of the legislature going to full-time.

Governor HAYDON. The first priority, by common agreement, for local revenues is the needs of the legislature.

Mrs. HANSEN. I can understand that.

Mr. MCDADE. Thank you, Madam Chairman.

Mrs. HANSEN. Mr. Wyatt?

Mr. WYATT. Yes; thank you.

Governor, your vocational education on the curve was kind of down here a few years ago and it is back up, is that correct, you are giving more emphasis to it now?

Governor HAYDON. Yes, sir; indeed we are.

Mr. WYATT. I know there is a lot of hardware involved in vocational education, do you have the capital investment for what your needs are?

Governor HAYDON. We have had a substantial increase in hardware but it is not up to what our total needs will be.

Mr. WYATT. Well, I am talking about the place to start from, the base.

Governor HAYDON. We have gone from no vocational education back into it in one swoop, in addition to adding the community college. We are even teaching classes in the marine railway. For example, you don't come to the college, the instructor goes to the marine railway. There are about 12 men who are taught right there on the equipment used during the day for industry.

The other Federal programs have given us woodworking machinery, lights and many of the things that we need.

Mr. WYATT. So you are reasonably well off?

Governor HAYDON. I would say reasonably but not completely.

SCHOLARSHIPS

Mr. WYATT. One other thing, in connection with your stateside scholarship program, is a Samoan youngster who is a graduate of either the high school or the community college, if he has the ability and the desire, is there a way for him to go through college in the United States now?

Governor HAYDON. Yes; there are two ways. The first way is by earning one of the scholarships which we have funded. We are continuing to give scholarships now. As I pointed out, we left about 40 in who were doing well and we have awarded a number of scholarships since.

In addition, we have National Defense Education Scholarships and our new development bank will guarantee scholarships.

So if the child can't fall within our scholarship program, there is still another route to go and that is in NDEA. The main thing is that he will be tested by our system and the mothers and fathers will be told before they put their signatures on that paper whether the child has a reasonable chance of succeeding. It doesn't do any good to send the child stateside just because he would like to go. He has to have the ability to succeed.

Mr. WYATT. How about the ones you pulled the plug on, did most of them come back to Samoa?

Governor HAYDON. No; they didn't come home at all. I think if we got five back we were lucky. There is an embarrassment in Samoan life of failure and I don't think these children wanted to come home and face the community.

Am I correct in that?

Mr. UTU. Some of them will be back but it will take a lot of time. A few of them in spite of the facts that it has taken so long and that they were doing so poorly, are staying in.

Governor, we are very careful to send them a ticket, nonrefundable. But unfortunately, most of them had a year or two of just playing around and they don't want further education.

Governor HAYDON. Well, it wasn't any fun to have to do it but it had to be brought to a halt. If we are to get youngsters back they have to be serious students.

Mrs. HANSEN. If they are going to make their contribution to the mainstream of American society they are going to have to have the same standards.

Governor HAYDON. At least to be able to compete for a job. Governor Burns tells me there are at least 5,000 Samoans on relief in Hawaii right now because they are not competitive. Basically, they lack English proficiency. If we could reduce that load by half in Hawaii and have those youngsters back in Samoa working, it would be an accomplishment.

Mrs. HANSEN. Thank you very much, Governor. The committee will resume tomorrow morning at 10 a.m. We will look forward to seeing you and the members of the legislature again tomorrow morning.

Before you go I must say this is one of the loveliest books I ever read on Samoa.

Governor HAYDON. A young man from New Zealand did that book and we have been tickled to death to have it.

POLLUTION ABATEMENT AND ENVIRONMENTAL PROTECTION

Mrs. HANSEN. Will you please place in the record a statement showing the amount of funds in your fiscal year 1972 estimate for pollution abatement and environmental protection.

(The information follows:)

DEPARTMENT OF THE INTERIOR, OFFICE OF TERRITORIES
BUREAU ACTIVITIES IN POLLUTION ABATEMENT AND ENVIRONMENTAL PROTECTION

[In thousands of dollars]

Description of project or activity	Location	Estimate fiscal year 1972
Construction:		
Water development	American Samoa	$470,000
Sewer systems	do	718,000
Solid waste site development	do	67,000
Seawall and erosion control	do	150,000
Total, American Samoa		[1] 1,405,000

[1] Grant.

TUESDAY, MARCH 9, 1971.

MEDICAL SERVICES

Mrs. HANSEN. The committee will come to order.

You are requesting an increase of $649,500 for medical services. Please explain the need for this.

MEDICAL STAFFING

Governor HAYDON. A good portion is, of course, the belief that we are going to have a retirement system this year, plus the normal step increases for personnel in the amount of approximately $319,000. We have what appear to be fairly heavy increases in travel cost. The hospital was very much understaffed when I arrived so every effort was made to recruit the needed doctors. My philosophy is that although we give job preference to Samoans first, stateside Americans second, and other aliens third, in medical care, the object is medical care, not where we get the people.

We have a number of medical practitioners who are Samoans, but they are not fully qualified doctors.

Mrs. HANSEN. How much training do they have?

Governor HAYDON. They have normally 4 years at the Fiji School of Medicine and are not fully licensed to practice anywhere. They cannot be called real doctors, although they are fairly skilled.

Mrs. HANSEN. Do they work under the direction of your medical doctors?

Governor HAYDON. I checked what they pay doctors through Mrs. Farrington, the Trust Territory of Guam, and so forth. We raised our salaries to $20,000 for doctors but we cannot get them at this salary. A surgeon in the United States makes from $30 to $40 thousand. We have begun recruiting, however, and we are getting two new doctors right now from the States. One just arrived, Dr. Hunter. But it's the same personnel problem that I discussed yesterday.

NUMBER OF DOCTORS IN SAMOA

Mrs. HANSEN. How many licensed doctors do you have in Samoa?

Governor HAYDON. We have eight. Dr. Hunter just arrived and an ENT man is coming. We are also recruiting from New Zealand. In New Zealand the salary we can pay is very handsome. As a result, we finally got a first-class surgeon.

Mrs. HANSEN. What is your total population?

Governor HAYDON. 28,000.

Mrs. HANSEN. So you have just about the same ratio of doctors as some of the rural areas in the United States have?

Governor HAYDON. Right. But we have a workload that you won't find anywhere else in the United States. With completely free medical care, you realize what happens. I know it sounds incredible but our doctors provide care for 600 to 1,000 people a day for everything from emergency to outpatient care. They have to be very proficient but also become very tired. Since I can't get doctors normally for $20,000, I try to recruit from New Zealand to get top people—the object is medical care, not where the people come from. I don't care who they are; we have to give medical service. In less than a year he has been hospital administrator, complaints about medical care have been reduced to almost nothing. He has an agreement with Public Health through C.H.P. He has gone to the States and put together a comprehensive health program that makes sense. We have the comprehensive health planning. In addition we have a health planner, George Little.

MOBILE DENTAL LAB

We are not completely staffed yet, but we finally got our mobile dental laboratory which visits the schools to test all the children for caries and so on. De Weise has really organized the hospital. Our most serious weakness is now probably in laboratory techniques. This is where increased travel costs come in. We have been sending young Samoans up to Hawaii to the medical school to train them in laboratory techniques. We also sent one to the west coast for training because when we have something like breast cancer, we can't make a biopsy. It has to be sent to Hawaii and we get a radiogram back on it. By using this procedure we can get into some very sticky situations. If you have bad laboratory techniques we could have a death on our hands by a misreading. This solution is simply training. This is why we have to send people to get the expertise that we can't now deliver down there. The chief justice is a good example. We had to send him to Hawaii. He had a heart attack on Christmas eve and it got to the point where it appeared to be necessary to put in a pacemaker.

Dr. Fontinot has done this some 14 times, but it's a very tricky proposition. It was Dr. Weise's decision that while the justice could travel to get him to Trippler so if he had to have the pacemaker they could put it in. It meant inserting this thing to keep his heart going. We come to a level of sophistication where we can't provide it economically on island.

OFF-ISLAND MEDICAL HELP

This past year we estimated a cost of about $60,000 for off-shore medical help. If we can't handle it on the island we must send the patients someplace for adequate care. We are investigating at the present time the possibility of free admissions to Trippler. The King of Tongo and his Ministers, the Prime Minister and all the Cabinet in Western Samoa and the people in Fiji can go to Trippler and be treated at no cost, whereas our people are required to pay. We are looking into this to see if we can't have the same kind of benefit.

Mrs. HANSEN. How many public health nurses do you have?

NURSING SCHOOL

Governor HAYDON. As you know, we have a nursing school. We have a normal attendance of about 19 girls. It's a 3-year course and has supplied us with a number of nurses that we need. Our eventual hope, frankly, is that this school will become, as it really gets its feet on the ground, a part of the Community College so that the girls will not be just day nurses or practical nurses but fully registered nurses. If we have an oversupply, they can go to the mainland and get a job. At the present time, however, they can't because our school is not accredited.

The school itself has been run for many years. It's a good school and it is producing nurses that we need. We are nearly fully staffed. The big job each year is to employ the number we turn out from the nursing school. We do need nurses who are fully qualified from the United States to continue the training inside the hospital itself. We have Mrs. Williams. There is a problem of getting nurses to come down. A woman who can train nurses must really be qualified.

We have been lucky to have Dorothy Williams at the present time, but I have no assurance that we can keep her. This is her second contract. People get island happy and become ready to leave after a while.

Mrs. HANSEN. Has the overall health conditions in Samoa improved? Do you have any statistics showing a decline in some of your diseases?

FILARIASIS PROGRAM

Governor HAYDON. Probably the one that has been the most interesting is filariasis, which is now down. We have Dr. Peter Beales from London, England, and he is just a fabulous man. He has that thing ticking so well that, based on statistics, we are down to your standard of less than a half of 1 percent on filariasis. Our worst single disease, believe it or not, is the automobile.

Mrs. HANSEN. It also is in the United States.

Mr. WYATT. The filariasis rate is down from what?

Governor HAYDON. Some years ago when the filariasis program started it was 28 percent.

Mrs. HANSEN. In fact, this improvement has happened in the last 6 years.

Governor HAYDON. It is down to less than half of 1 percent. There was a lot of worry about getting filariasis. We are, however, being taught about the disease by the doctors in Samoa. One can be there for 12 years without catching filariasis. You must be bitten many, many times for the eggs to be put into your bloodstream. We probably all have the incipient beginning of it right now but are in no danger of being infected.

Mrs. HANSEN. Is it carried by a fly or mosquito?

Governor HAYDON. It's a mosquito. Of course where it has developed into elephantiasis the clock is ticking because those people cannot be cured. There are still a number of people with elephantiasis.

MOSQUITO PROBLEM

Mrs. HANSEN. What are you doing to reduce your mosquito population?

Governor HAYDON. Nothing. There isn't anything really that you can do. You would have to spray the whole island from one end to the other with things that are on the banned list. It is physically impossible to get rid of all mosquitoes. Besides, we don't have very many.

Mrs. HANSEN. In what areas are they concentrated?

Governor HAYDON. Around Nuuuli Lagoon is a bad area and there are marshy areas.

Some people are affected more than others. The decision was made when they started the filariasis program, that it was physically impossible to eradicate mosquitoes and it was better to go to medicine.

In addition, Dr. Beales had taken on the job of public health officer. This in effect has freed up one position financially. Otherwise we would have to have a separate man for filariasis and one for public health. For the village magistrates and village mayors, we are producing a book that explains their duties of enforcement of public health laws. This is going to make it work like a clock.

DRIVERS EDUCATION

Mrs. HANSEN. Do you have driver education in Samoa?

Governor HAYDON. We finally have. We have a car on the island with a sign on it and the program is now underway. The people are being trained. This is a program that was there but never utilized. We have it going now. We have had to get instructors to teach.

The Fono is now meeting. They, as we, are very, very concerned about the fatalities, the accidents and the children injured by cars. We have an islandwide speed limit of 30 miles an hour. We have painted signs on the roads and everybody is angry with me at the moment because now it takes twice as long to get to the airport.

We are really cracking down on single-car accidents, which are the worst in number. A lot of it comes from drinking, a man getting sleepy and going into the sea, et cetera.

TRAFFIC FINES AND REGULATIONS

The Samoan judges are now fining up to $250 instead of 50 cents and $1 like before and the word is getting around. I think the gentlemen from the legislature will tell you we are having a real crackdown on traffic. I expect the Fono is going to give us a resolution asking me to examine all the traffic laws and modernize them. I have asked for such a bill. Furthermore, one bill that has been introduced will highly strengthen our driver license revocation. We want a "South Pacific Swedish law." For the first offense the driver's license will be suspended for 90 days for drunken or willful reckless driving. The second offense will be revocation for 2 years and the third time, life. This won't work a hardship on anybody with an 18-mile island and plenty of bus transportation.

We feel there is a small group of willfully malicious drivers that we have got to stop. It will take real enforcement of the driver license revocation proposal and real enforcement of vehicle safety inspection laws. If we do this, we can also reduce our car population. I have been requested to put a quota on cars, but I don't think this makes sense. We are studying the possibility of limiting horsepower, like we do on the motorbikes, because of the sharp curves on the highway and limited amount of road. A quota on automobiles to me seems at this point really unfair.

LEGAL AFFAIRS AND PUBLIC SAFETY

Mrs. HANSEN. You are requesting an increase of $527,130 for legal affairs and public safety. Please give us the major ingredients of this request.

Governor HAYDON. We have come under LEAA for the first time in the past year. This has resulted in a police training program that we have never had before. I am glad that you haven't visited, because if you had seen our jail you would have taken my head off. The jail has been there for years, and years, and years.

Mrs. HANSEN. Do you have a new jail?

Governor HAYDON. Yes. We have a new correctional facility.

Mrs. HANSEN. There couldn't be any worse jails than some of those in the United States.

Governor HAYDON. This one was a room about 30 feet square. All the prisoners were in one room and with one water spigot. It was that way for years. It was right in the middle of town. The prisoners are now moved out to the old leprosarium. We had it medically examined prior to the renovation and the move. We had some problems when we first put the boys in. We can now have segregation and if we have young offenders, we can segregate them from the older men. We have a work program for them. However, we did find they were climbing out at night. Prisoners are a little different in Samoa, however.

We only have three hard cases. That is all, in our total jail population, and they cannot climb out now! We fixed it so they can't get out. The warden at that time was punishing them for coming back late! They were banging on the door and wanted dinner and he wouldn't let them in. We have now fixed that. They have good bunks—surplus from Hickham—with mattresses. It is a clean facility with good toilets and showers. There is a little plantation the prisoners are planting. Furthermore, they go out and work during the day. It's the work program they enjoy. They don't like sitting around inside the jail all day long. Besides it's not good for them. They help us with cleaning up the road shoulders. They have been helping us clean up the junk metal and cut the jungle away from it. They are good kids. They are all friends of ours. We can walk right in the jail and you are not in any danger, like you would be in a jail in the United States.

But we have had some dreadful things. One boy cut his mother's head off. He was a kid of nine. They did not want to take him back, but we finally arranged to get him back there. We had one very displeasing attempted rape of a little six-year-old child. That is the kind of case you have to really bear down on.

REVENUE SHIFTS

Mrs. HANSEN. Why have you shifted the funding of this activity from the local revenues to direct appropriation?

Governor HAYDON. When we have had to obtain matching for LEAA for continuing our training of the police themselves, this is a continuing problem of training policemen, not just bringing them in and giving them a lecture and putting on a uniform. Mike, I think, can explain the financial approach in shifting the emphasis to where we get the money.

Mr. VERLANDER. This is a situation again where it's the legislature's prerogative to appropriate the local revenues as they see fit. You will note in the construction program substantial financial funding for construction projects was provided by local revenue for the first time.

FIRE PROTECTION PROBLEMS

Governor HAYDON. One of our worst problems, Mrs. Hansen, is the almost total absence of any kind of modern fire protection in American Samoa. The Fono burned down, and I can't be anything less than honest and say if a building catches on fire it's going to go. We need very extensive pumping facilities around the bay. Half the time you turn on a hydrant—we are dependent on catchment water—and nothing trickles out. There hasn't been any training. We have three profes-

sional firemen from Oregon now and three of our boys over in Oregon serving in their jobs. They have tried to help train. It's like a sister-city program—we have traded on-the-job men to teach our firemen.

When you have a fire like the Fono, 100 men grab the firehose ot one end and 50 grab it at the other end and they run in opposite directions with the hose, tearing it in half. You have to see this to realize that in all this time there hasn't been any fire training and there isn't proper equipment down there. We have tried to get surplus pumps and wagons and there is quite an explanation about firefighting in here.

My house, for example, is now the Museum of American Samoa. You couldn't get a firetruck up the driveway. It's physically impossible to get a truck up there. If my house catches on fire, it's going to go. It has been painted 50 times in the last 70 years and it's wide open for a fire. A lot of us really live in dread. We have set up a building safety inspection team, and they are checking the wires, but this is expensive.

Mrs. HANSEN. When will you be able to get your firefighting facilities operational?

Governor HAYDON. Partially in this budget. Some of that we are doing right now on hydrants and pumps, and in the 1973 budget, too. But it would be a major program to do all this at once. We would like to put nine good pumping stations around the bay, because that is a source of water that we can count on and that is the area of the major congestion of our large buildings. If we could have the equipment at the site just at the moment a fire started, we could stop it. But if it has 3 minutes of burning it's going to go. The best you can do is try to contain it and not burn down the other buildings around it.

We also have firefighting problems at the airport. We have never had a crash yet but we have been alerted and some day I suppose we will have one. We have a lot of military movement through there and they have been loaning us a firetruck brought down from Hickham. We are trying to keep it.

Mrs. HANSEN. Doesn't the military have any surplus fire equipment that they could provide?

Governor HAYDON. No, none that we have been eligible for. But we just had Mr. Cooper out, the regional director for HEW. He has a program where he thinks we can get some fire engines. This is some new method of obtaining surplus equipment from the United States.

Mrs. HANSEN. There are many areas in the United States that are utilizing this excess equipment.

Governor HAYDON. He has given us the guidelines and we are starting in to build now. I hope we can get some fire engines from him.

STATE COUNCIL ON ARTS

Mrs. HANSEN. I am very pleased to note that you are planning participation with the arts council, because so many people who visit Samoa, and who visit the whole South Pacific region, are very interested in preserving your wonderful dances and culture.

Governor HAYDON. Mrs. Haydon as you know served on the arts council in Washington. We have had many ideas in the past but no action, but we now have an arts council. We can't call it a States arts council but we have it. I have been to see Mr. Hanks. We have a State

plan on their desk and the instant I found out about that museum money I sent back a request that we be named the first in America. I am going to see to that while I am here. We will have our first arts festival in April. We are going to have dancing and a Samoa opera is being written. It will be the first arts festival we have ever had. We need more emphasis at the elementary level on basic training and wood carving with the children.

We are trying to bring back the skills the Samoan people have always had but under a cash economy they have started to disappear. It isn't easy to bring this back. We already have a $10,000 grant for in-kind matching for the endowment of 1,700 of our songs that have been taped to be translated and retaped on Ampex, and then copies be made available for museums or anybody else who wants them. This is the book of Samoa in song and it's political commentary and legends and a marvelous project one of our men did on his own time over 6 years. I was asked to put in a good word for the arts council to you and the Smithsonian.

Mrs. HANSEN. I have never considered funds that have been appropriated for the arts a waste of the taxpayers money because I think in this society we should give the young people an opportunity through the arts to do something creative rather than being destructive.

YOUTH CENTER AND PROBLEMS

Governor HAYDON. You will find in 1973, when we come before you, a request to build resource centers for the educational system, which will be used at night for the young people. This is one of our projects. There is nothing to do for young people after dark. This leads to kids getting in trouble.

Mrs. HANSEN. Samoa is not the only place. This is a problem in the United States today. In the average rural community there is no place for young people to get together. In the urban centers it has been increasingly difficult to have this type of program. This is the reason why this committee has urged the National Park Service to develop programs for the young in the park areas. This is being accomplished to a degree in the urban areas, but I think the rural areas of America are more neglected today in recreational facilities than any other area in the United States.

Governor HAYDON. The only thing there to do is to go to the movies, but you can't go to a movie every night, you can't afford it. I think I mentioned that we received one of the 28 Youth Conservation Corps camps, so we will have many children working on conservation and recreation programs this summer making a little money.

AGRICULTURE

Mrs. HANSEN. You are requesting an increase of $28,845 for agriculture. What is your major revenue crop and what is its value? Do you raise sufficient food on the island to feed your own islanders?

Governor HAYDON. It is nice to have Chief Fuimaono here because he was Director of Agriculture until his appointment as delegate-at-large.

TARO CROP

One approach we have taken is that we have had to import some taro because with six or seven thousand people getting a paycheck every 2 weeks, it's an awful struggle to get people to grow taro commercially. Chief Fuimaono has been fairly effective in this.

He is one of seven paramount chiefs we have, so he brought a little more authority to the job, let us say, than the average person. He came from the school of tropical agriculture at the University of Hawaii. Through Dean Godoa, we brought down a couple of men in the hunger fighter program. He has increased his taro growth. They sell taro tops and the people plant them. He has extension people out in the farm where they belong working with the farmers getting their hands dirty instead of riding around in an automobile. I would let him explain this, but he is more modest. He has done a marvelous job with agriculture. We have the normal diseases, rhinoceros beetle and this sort of thing. There is increased chicken production. We bring in the pullets and sell them at cost to the farmers.

CHICKEN IMPORTS

Mrs. HANSEN. Where are the chicken pullets imported from?

Mr. FUIMAONO. From the State of Washington.

Mrs. HANSEN. That is great.

Mr. FUIMAONO. We tried to bring them from New Zealand but it's not the best, so we continue bringing them from the State of Washington.

OTHER AGRICULTURAL ITEMS

Governor HAYDON. Chief Utu is in the egg business and Fuimaono is in the egg production and swine business.

Mrs. HANSEN. Isn't pork one of the leading consumer items in Samoa?

Governor HAYDON. One of our worst imports in terms of dollars is meat, most of which we get from New Zealand in the form of salt beef. It's really terrible stuff. We are going to start a little herd on Ta'u along with a demonstration farm on Ta'u. That is 70 miles away, and they can't come to our demonstration farm on the main island at Tutuila. We have 45 acres of land that one man is willing to let us use.

COPRA PRICES

We have almost 3,500 acres on this one island which is unused. We thought for a while with the hurricane and typhoon in the Philippines that the price of copra was going to go up, but so far it hasn't. We can't make copra at 4 cents a pound and come out ahead; consequently much of our copra goes unharvested. We just can't sell on the international market in competition with the Philippines. We do have the first dryer in existence in the Manua Islands where we can dry coconut and we produce enough at Swains Island to feed their residents. We have one Samoan and 80 Tokelau people harvesting.

FISHING

Mrs. HANSEN. Isn't the protein needs of the people in Samoa met mostly by fish through your fishing activities?

Governor HAYDON. Yes; we have our first training boat coming from Hawaii on March 26. We thought there was a secret in Tahiti, as to why they could have a hundred boats fishing on a day basis. We found out the secret is that they go out. It's a little different in Samoa. We have the same resource and we know we have the fish. They are there and all of us go out and catch fish. The thing is you don't get a paycheck every 2 weeks when you fish. You have a good day and a bad day and most people feel it's nicer to have their paycheck. But there are enough young men there who are interested. We have had a professional fisherman to serve as the teacher. We handpick the crew and we feel we can build a fleet of 50 boats, but we are only buying them one at a time. The developmental bank can make loans using the boats as collateral. They get a loan and go into the business and train three more fishermen. The young men in Tahiti are averaging $18,000 a year with the boats. These are 28-foot boats. Tahiti does not have the cash economy that we do, so there is more of a reason for the Tahitians to go out and fish.

In addition to the basic fish resource, we have ice, a cannery that will buy any surplus fish, and we have plans for forming a little fisheries co-op to do the marketing.

Our new boat will arrive toward the end of the month. In the meantime we know a lot of people have become interested in fishing and they are going out from the villages and selling through the little bush stores and going out on their own in little outboard motors. We can get 50 cents a pound for fish and if you catch one 30-pound skipjack, that is $15. There is money to be made in this. These are new areas, agriculture, tourism and fishery is about it and some little industry where we can expand.

FISH IMPORTS

Mrs. HANSEN. Isn't about 95 percent of your local fish consumption from imports?

Governor HAYDON. We are importing frozen skipjack from New Zealand and yet our waters are full of it. Mr. Verlander points out that the 1971 production is $1.2 million and in 1969 it was $900,000, so we have jumped in those 2 years $300,000. However, it is unrealistic to expect us to supply our total food needs since we don't have enough available land. As you know, we have very steep mountains and the farms we do have are very, very small. I don't feel that we should look at agriculture and say, "Well, let's give up," because we just don't intend to do that.

We had a $300,000 gain in 2 years. It takes drive to do it, and the man who suggested this to Chief Fuimaono is very aggressive.

FIRST FARM FAIR

We had our first farm fair last year, the first in the history of Samoa. You would be amazed at the spirit of competition in this thing, the people came with weaving and dressing and baskets and all types of bananas and yams and taros. The prizes were items such as picks and shovels and sewing machines and little Pullman stoves, things that could be used rather than material that is of no real value. We are going to repeat the farm fair again this year because it has stimulated interest in agriculture.

It will be a long time, if ever, that we can produce enough in Samoa to do away with all of our exports. Some things we can't even grow there.

Mrs. HANSEN. We understand that. But as you increase your own production a smaller amount of money will flow out of the island for imports.

Governor HAYDON. Particularly meat; that is the largest dollar import.

DEPARTMENT OF MANPOWER RESOURCES

Mrs. HANSEN. Why are you decreasing the interim budget authority in your manpower resources?

Governor HAYDON. It was very minor though—$4,100 for Interior. This year we are asking for no Interior funds since local appropriations will finance most of this program.

TOURISM

Mrs. HANSEN. How many tourists do you have per year?

Governor HAYDON. A little over 16,000 last year, which was a 16-percent increase over the previous year. We think this upward trend will continue. Our second hotel is now open and it has 22 rooms which they plan expanding to 100. We have ground-level preparation underway for a hotel on the island of Ofu, but there is a question as to whether that hotel will even be built. They have spent a lot of money on it but it has not been approved by the land commission and until it's cleared legally through the commission it cannot go ahead. They definitely want to invest quite a substantial amount of money. This is more of a hideaway type hotel for richer tourists who can afford to pay as much as $55 a day per couple. We have about three what I would call reasonable proposals on hotels before us at the present time. I think we are in the sellers market on hotels. We don't make any real effort to get tourists because we have had some very bad experiences even while I have been there—sometimes 23 people sleeping in chairs in the lobby of the Intercontinental Hotel. We are stressing Samoans being involved in the hotel projects.

EXPANSION OF HOTEL

I have been holding meetings ever since I became Governor with EDA, and I think we are close to the end of the line in our efforts to expand the Intercontinental Hotel by a hundred rooms and keep its ownership in the hands of the Samoans and work this thing out financially. As you know, it's a mess.

Mrs. HANSEN. Have the financial arrangements been straightened out?

Governor HAYDON. In working with Pan American Airlines, the price tag got so huge we just said, "No." I have five bids with me now which are all less than a million and a half dollars, rather than the $3-million-plus they have been talking about. This is the route we are going to take.

HOTEL RATES

We would like to build a hundred rooms that are less expensive to build and have a lower rental rate than the existing expensive rooms at the hotel. A lot of people, particularly from New Zealand, are restricted on the amount of money they have and they complain about paying $26 plus 10-percent tax for a room. It works out to be nearly $30 a day. Some of the people come out from the Federal Government on $36 per day.

Mrs. HANSEN. Isn't this for rooms only?

Governor HAYDON. Before you even buy your meals.

COST OF MEALS

Mrs. HANSEN. What is the relative cost of meals?

Governor HAYDON. You can rent a room at Aggie Gray's in Western Samoa for $20 a day which includes your meals.

Mrs. HANSEN. What do meals cost in Samoa in relation to stateside?

Governor HAYDON. At our hotel, dinner for a couple, if you have a drink, is about like Washington, D.C.; it's quite expensive. A small lobster costs about $8.50. The lobster is flown in from New Zealand. President Leaeno, however, runs a restaurant and you can get breakfast for $0.50 and lunch for $1 at his restaurant, but it's for the people who work around the waterfront and the market. He serves good food at reasonable prices. The average Samoan can't afford to eat in our hotel; they would be broke.

Mrs. HANSEN. I don't think very many average people anywhere could afford to eat in Samoa.

Governor HAYDON. The tourists from New Zealand do complain about the price.

Mrs. HANSEN. Why are you deleting one tourism specialist?

Governor HAYDON. This was the result of a study made by our management analyst. We feel that the tourism office is overstaffed for the amount of work it has to do. One of the people who is there now I put on a special project in charge of enforcing the rates on taxicabs and commercial buses. Some of our drivers tend to gyp the tourist and we don't want them going home and complain about American Samoa. We have had some nasty incidents about overcharging. This man is in charge and he is the chief and he makes sure that the rates are posted in the taxi; we are finding that the incidents are slowly decreasing under his guidance.

DEPARTMENT OF PUBLIC WORKS

Mrs. HANSEN. You are requesting a decrease in Interior's budget authority of $199,259 for public works. You plan to fund part of this activity from local appropriations at a level of $380,838. Is this correct?

Governor HAYDON. Yes. Interior authority is about $200,000 less and local appropriations are up $388,000.

UNDERESTIMATING OF CONSTRUCTION COSTS

One of the major problems we have had to face, Mrs. Hansen, is one for us to stop underestimating in Public Works.

Mrs. HANSEN. Were previous projects being underestimated?

Governor HAYDON. I don't think they were estimating at all. They were just putting a figure down. You just can't do this. In order to keep our guarantee of no more overruns, it means we must have adequate predesign and know what we are talking about. A professional firm of architects and engineers opened an office in Samoa recently and they are soliciting business. We have given them one contract to do some design work. We also have one firm which brought down some equipment to build this bank building. The bank building will please you, I think. There is one palagi supervisor and 80 Samoan laborers. You can bring in an outside firm that has equipment and they are beginning to get a few jobs around—little pieces of road building, private stuff.

We have also asked Public Works not to do everything themselves but to ask the local Samoan contractors to bid on these jobs. I think the largest contract job last year was $92,000 for the school lunch kitchen. It was done very nicely and finished for the Department of Education. We are going to keep this up.

Mrs. HANSEN. Is this the reason for your increase?

ROAD PROJECTS

Governor HAYDON. Where we are hurting is in roads. We did not get the amount of money we had asked for in roads. We fully intend to contract this out. We have eight villages alone on Tutuila and others without roads. As long as we have this, people are going to move into Fagatogo and our urban congestion is going to continue.

We can also open up more agriculture areas by building roads, but we do not have sufficient money. We will do some road work but nowhere what we would like to do. The road work for the north side will be very, very much more expensive than the work for the south side. We have different terrain and a lot of physical problems.

Mrs. HANSEN. I see you have also improved your moorings.

Governor HAYDON. Yes. Gradually we are getting those improved. We have made a lot of operational changes inside the Department of Public Works to make it more effective, to have better supervision on the job, which is absolutely imperative.

SEWER PROJECTS

One continuing program is the sewer system in the bay area; I would like to do that faster, but again money is not available. We had hoped that we could clean up the whole bay by the end of fiscal year 1972 but I was unable to get enough out of the Bureau of the Budget.

However, the bay is going to be cleaned up eventually and I know that we are coming to the end of the road in a few more years. We have a polluted harbor and we are apparently going to have to build the laterals into the houses, since the people cannot afford to pay for sewer hookups.

Mrs. HANSEN. I thought this sewage system was one of the goals of the Office of Management and Budget? Or is this just a consideration?

Governor HAYDON. I don't know. All I know is I didn't get what I asked for.

Mrs. HANSEN. The project has been proposed before.

Governor HAYDON. Our bay is a lot cleaner than it used to be. We are doing what we can locally. We raised the fines for harbor pollution to $500, and are going to $1,000. The fish boats are the worst offenders. The main sewer line is progressing; everybody in town can see it. It's in conjunction with the BOR project. As soon as the main line is down, the area beneath it backs a little park and walkway down to the end of the bay. It's going to be a lovely project, but it costs a lot of money.

Mrs. HANSEN. Do you have a sewage treatment plant?

Governor HAYDON. Yes; we do, thank goodness. It's operating now at about 10 percent capacity.

Mr. MEEUWSEN. About 20 percent.

Governor HAYDON. So we have ample capacity left to handle the whole bay area.

AUDIT OFFICE

Mrs. HANSEN. You have requested five employees in the audit office including an additional Samoan for 1972. Since the accounts have been in such bad shape, is this sufficient staff to allow you to increase the auditing procedures?

Governor HAYDON. Mrs. Hansen, if you don't mind I will let Carl Meeuwsen answer that since it is his direct responsibility.

Mr. MEEUWSEN. We have one audit position filled now. The head of the internal audit branch is working also on revising our accounting system. We estimate that it will take most of fiscal year 1972, before we get our system back in operation where we want it.

In 1973, we will probably be coming back for some additional audit positions. We don't feel the audit effort is worth that much at this time until we get our entire financial management system back in good operation.

ADDITIONAL LOCAL REVENUES

Governor HAYDON. I might mention that we have found some very interesting things that are going to produce additional local revenue for American Samoa. For example, the Air Force has never paid us to use our airfield. We have now negotiated a contract with them, whereby they will pay their fair share of the maintenance of our airfield, which is about $58,000 a year.

The Navy has never paid us for a pilot boat or for any of the normal dockage charges. We now have an agreement with the Navy that they will pay for these charges which they pay for everywhere else. For those two things alone we will realize an additional $100,000 per year. The military expects us, whenever they have an airport stop, to open up the duty free store and bring out people to gas up their airplanes and pay not one dime. From here on in they are going to pay.

Mrs. HANSEN. There is no reason why they shouldn't pay their fair share.

Governor HAYDON. They sent a team down and we negotiated an agreement for them to pay $58,000. From now on we will be charging the Navy, plus the Coast Guard, and any other vessels that come in.

CONSTRUCTION OF CLASSROOMS

Mrs. HANSEN. You are requesting $178,000 to construct 14 elementary classrooms at seven sites for 300 youngsters. How adequate does this make your classrooms?

Governor HAYDON. The best material can be developed by the Department of Education. This keeps us up with normal population growth and school attendance. In 1973, we anticipate asking for the two resource centers. These will be multiple-use centers. I merely mention those because it's part of a new concept, rather than construct classrooms, because the educational techniques are being refined and improved, the resource centers that the children will be brought into them. We are bringing children now to the Government House Museums as a class program as many schools do in the States, where the class teaches what is a museum, what is the meaning of your heritage and history. The following day they write a paper about what they learned in the museum, what it meant to them.

We are also going to have a small aquarium and we will take the kids there and do the same thing.

These resource centers are going to contain all kinds of things you can't have at every classroom, and they bring the children into them, and at night use them for the young people.

SECONDARY SCHOOLS

Mrs. HANSEN. In your secondary schools you anticipated an increase of 400 students. You are requesting $200,000 for secondary school construction. Does that provide sufficient space?

Governor HAYDON. I believe this keeps us on line.

Mr. VERLANDER. It's a little difficult to work classroom statistics, as you are well aware.

Mrs. HANSEN. Could I interrupt for a minute. Our very distinguished colleague, Congressman Wyatt, from Oregon, has two presidential scholars here this morning. I thought they might enjoy listening to an appropriations hearing. I thought they might enjoy a few minutes of listening to what Mr. Wyatt listens to day after day.

Mr. WYATT. Thank you, Mrs. Hansen, we are grateful for this opportunity.

Mrs. HANSEN. We are glad to have your presidential scholars present.

Mr. VERLANDER. Using a ratio of 25 students to one classroom, in 1973 we would need 304 classrooms to take care of this elementary student body. By then we will have 280 with these 14 being constructed.

In the secondary educational system, in 1973, we will need 100 classrooms, and will have 89 if the proposed program goes through.

POPULATION GROWTH

Mrs. HANSEN. What is your population growth per year in Samoa?

Mr. VERLANDER. Approximately 700 students between 1972 and 1973.

Mrs. HANSEN. What is your total Samoan population growth percentagewise?

Mr. VERLANDER. Including our immigration, we are talking about 600 people a year.

Mrs. HANSEN. What percent is this?

Mr. VERLANDER. 3.8 percent overall. As the Governor mentioned, in 1973, we are going to be going into multiple-use buildings, such as resource centers, which will alleviate part of the problem that we are facing right now and some overcrowded conditions in some of the schools.

MEDICAL STORAGE BUILDING

Mrs. HANSEN. You are requesting $132,000 for a 4,000-square-foot medical storage and hospital maintenance building. Where is this to be located?

Governor HAYDON. That would be right in the rear of the hospital, architecturally designed so it fits into the present motif.

LEPROSY

Mrs. HANSEN. At the present time what do you do with your leper cases in the area?

Governor HAYDON. We have very few. We use the Hawaii system. They are right in the hospital. Leprosy is not contagious, as you know.

Mrs. HANSEN. I know.

Governor HAYDON. There is a pretty modern approach now to leprosy. We only have about three or four active cases. The only real trouble with these cases comes not from the disease itself but from reaction to the types of antibiotics and medicines that have to be given. I have visited with the patients several times. It's simply not a problem. The figure for identifiable new cases is less than one a year.

It's not considered a major medical problem.

Mr. WYATT. How does this compare with 10 years ago? Do you have any comparative figures?

Governor HAYDON. It's much less. I wasn't there 10 years ago, and I don't know.

Mr. FUIMAONO. It's only about 10. It was 10 at that time. We are down to three or four cases now.

CENTRAL BUSINESS AREA DEVELOPMENT

Mrs. HANSEN. Justify your request of $50,000 for central business area development.

Governor HAYDON. The malae, the traditional meeting place and where we have Flag Day celebrations, is surrounded by little stores and what have been a number of governmental buildings, including the Fono building. There is now a large vacant space where the Fono was because, as you know, it burned to the ground.

In the Fono Building we had the territorial liquor store, a self-service store, and everybody wanted to help save the liquor store. We had to get policemen there rapidly to avoid the stocks depleting. I think we only lost six bottles out of the operation. Work is underway right now, to renovate another building for the liquor store. The liquor store is in a temporary location which is very inconvenient and it's

going to be located in the old jail. We have some shakes left over, and we are going to roof this building with shakes. It will be quite attractive, and will be a self-service liquor store when we complete it. The tourists from the ships come in and buy a lot of liquor. We are trying to get as much done by the people who own stores there to upgrade the stores themselves.

The Fono is in its temporary quarters. When we are able to get them a new and respectable Fono, their old building will be turned over for retail use. As you can see, it's kind of like Girardella Square to paint up these old buildings and make them attractive and use them for retail space and provide some parking and some walkways. It's presently a very dirty area, with open storm drains.

HARBOR MOORINGS

Mrs. HANSEN. How adequate are your harbor moorings? Your water transportation is one of your major ingredients in safe travel.

Governor HAYDON. We have some very real problems that are not going to go away until we do something about them. We brought the Corps of Enginers down and they have completed design studies for six small harbors. We got an amendment with Guam through the Congress this year which has increased the authority of the Army Engineers in American Samoa. They can now spend more money, just as we have done in our own State. These are tiny harbors. They are built inland so they won't be destroyed by the stars, 100×300 with a depth of 12 feet. I passed the pictures around yesterday which showed the type of transportation we have on the north side and on the Manua Islands. You have to go on a small boat and then be transferred to a long boat and rowed through the reef. Sometimes the boats go upside-down and everything falls in the water. We lost part of the school lunch program. It's just an incredibly prehistoric way of handling things.

We have several small harbors. Our population will increase in the Manua Islands if people have a safe way to get back and forth. The census shows we have gone from 2,500 people to 1,700 people in the Manua Islands. If we keep this up, there aren't going to be any people living there at all, simply because it's so difficult to get over to the hospital, since we have only one dispensary on the outlying islands. We have got to get people to the hospitals.

Mrs. HANSEN. Shouldn't you be increasing this program so that you will have better moorings?

Governor HAYDON. We are trying to, Mrs. Hansen. The Fono is very interested in this. Senator Tuiolosega who represents the Manua district knows how badly we need harbors over there.

ISLANDS POPULATED

Mrs. HANSEN. How many islands do you have all together?

Governor HAYDON. Six populated and one with no population, Rose Island. One is Swains Island, which is way to the north. Roughly, we have 28,000 people on five islands. Getting them back and forth is a problem.

Mrs. HANSEN. Your villages are typical of many waterfront communities in that they are spread out.

Governor HAYDON. Yes, except in the bay area they are more or less together.

MOORING

Mrs. HANSEN. I would suggest that you increase your moorage program in the future.

Mr. VERLANDER. We are planning now for our first major moorage which will be constructed in the Manua Islands.

I would like to point out here that this statement doesn't make mention that these moorings are primarily stopgap measures, until we can develop more complete facilities.

Mrs. HANSEN. I understand. I was raised around the water, so I understand your situation.

Mr. VERLANDER. It's not going to change the transportation. It's just going to make it a bit safer.

Governor HAYDON. We have had initial meetings in Hawaii and Samoa and a meeting with General Parker of the Engineers here. It's called the Experimental Cratering Division where they blow out a harbor with explosives. They have found a ballistic underlay that they want to give us that will provide the ability to come in with a channel and a place for boats to moor. We are hoping this project can be started, but we are in competition with Wake Island for a final decision.

Mr. WYATT. Madam Chairman, will you yield?

Mrs. HANSEN. Yes.

LANDOWNERSHIP

Mr. WYATT. Governor, what about your landownership? The question of harbor moorage brings this question to my mind. What about title to real estate? How firmly is this known and what is the status of it, to your knowledge?

Governor HAYDON. The status, Mr. Congressman, is that all title lands to the high water mark in all the islands of Samoa are owned by the people of Samoa. In the bay area, all land to the high water mark plus 15 feet minimum inland belongs to the people, plus areas where the Government has obtained easements for highways and roads.

The only land problem with harbors is to get the people who own the land to agree that we can build a harbor and use some of their land. Engineering authority includes payment for land acquisition; in that case, we work from an ecological standpoint. We go under the Submerged Land Act and make a full study. We are doing one now with the Army Engineers at the University of Hawaii. Prior to dredging, we do an ecological study.

Mr. WYATT. What is the status of the titles of other lands above the high water mark in Samoa?

Governor HAYDON. All of the land is community owned. There is very little fee simple land in America Samoa.

Mr. WYATT. By the people of Samoa?

Governor HAYDON. By the people. The Government owns 4 percent and 92 percent of the land is owned by the people. The rest are a few pieces held freehold, a bit owned by some of the churches. You can say generally that the people really own the land in Samoa. The land alienation law protects this. There has been no delusion, as you know

in the years you have sat on this committee. The Samoan's land is the most important thing he has. To me it's just as serious a problem and of concern as it is to these gentlemen, that nothing is to be done that will take away the land from the people. If you do that then you are going to destroy Samoa. That land alienation law under full citizenship would be unconstitutional but we don't have an organic act. It's going to hold up an organic act for a long time until there can be assurance for the Samoan people that their land is not going to be swiped from them by real estate promoters who come to Samoa every year. They are going to help Samoa, and they have a hot idea and we tell them, "On your way."

We find it's very difficult. It's not easy to get in the business in Samoa. We welcome investment, as long as it involves the Samoans. If capital is possible, construction is possible. The leasing of land is OK, but the buying of lands, no.

WATER DEVELOPMENT PROJECTS

Mrs. HANSEN. You are requesting $525,000 for water development. How adequate is this going to be?

Governor HAYDON. It is not going to solve it, but it is going to improve it. We are deriving, in conjunction with the Fono through its president and speaker, a system of assisting villages with their systems. It's a very complicated approach that the Government will take over the water systems if the villages so desire. I am not talking about an appropriation, but we will take over the responsibility. The water will be metered and paid for as it is received and the Government will be responsible for it. For years the people have just been cutting a pipe and sticking another one in and tying a piece of inner tube about it.

The choice, however, will be left to the villages. I have tried to use this approach on everything, that, "Here is the opportunity. If you wish it, say yes. If you don't want it, say no." We are not going to jam it down their throats.

Water programs are an ongoing problem that is not going to be solved for a long time. We are trying to put in an islandwide main system using drilled wells and tying into the catchments that we have at the present time, all good surface water that we can get our hands on. It's very complicated. You get into landownership arguments and easements problems. We drill wells and most of them are productive but some are dry. It's a difficult program to explain to everybody. The concept of drilled wells, from the sanitation standpoint, is by far preferable but is also much more difficult to explain to the village people. The water is getting better, but we still have villages that have no water, and the people must walk to the next village for water. We have water rationing on occasion. This is an ongoing program, that is going to be with us for a long time, to provide clean water for everybody.

TAFUNA SEWER SYSTEM

Mrs. HANSEN. The Tafuna sewer system was started in fiscal year 1970 with the construction of collection lines and outfall facilities. In fiscal year 1971 this program was stymied by lack of funds, and only

$10,000 was available to begin the final design of the treatment plant. Is this what you discussed a moment ago?

Governor HAYDON. Yes; it is in the western district which is growing up faster and is going to be our primary industrial area, too.

Mrs. HANSEN. Why wasn't any more than $10,000 available?

Governor HAYDON. We asked for so many dollars and we just had to cut our budget on a priority basis when we didn't get the total amount that we requested. I am talking about our total program. Our joint budget review committee met and deleted those projects that would hurt people the least. We know we are going to have to have complete sewerage in the bay area, where the largest single concentration of population is. But we also have to recognize that population is growing in Tafuna and they have to be taken care of.

Mrs. HANSEN. This committee appropriated the requested funds for this activity but the funding was delayed by the Office of Management and Budget.

Governor HAYDON. That is right.

Mr. LOESCH. Madam Chairman, if I can interject here, you can't blame that 100 percent on the Office of Management and Budget. We had a departmental ceiling too, you know. I believe, if my memory serves me, John, didn't we chop you a little in the Department?

Governor HAYDON. Mr. Secretary, you were most generous in the Department and went along with most of this and you didn't chop us. We were chopped over in OMB; if you remember the day we met with the Under Secretary, he approved it.

Mr. LOESCH. Yes.

Governor HAYDON. We were all approved.

Mrs. HANSEN. I wanted to make it clear that this committee provided the funds that were requested.

Governor HAYDON. Once we were given the President's budget, then we had to start cutting on the basis of priorities, and this sewer project had to fall out.

Mrs. HANSEN. I can't think of anything of higher priority than to clean up the pollution around the settlements in Samoa.

Governor HAYDON. We are interested in this, because a lot of people are moving out there. We know this is our second major population development. We will have it.

Mr. WYATT. Madam Chairman, I would like to thank you on behalf of our two Presidential scholars. I will introduce them. They are Mark Cushing from McMinnville and Steven Lippman from Portland. They are honored to be two of the new people who have sat in on one of these meetings.

Mrs. HANSEN. We are delighted to have had you here this morning.

Mr. CUSHING. Thank you very much.

Mr. LIPPMAN. Thank you.

NEW ELECTRIC GENERATING PLANT

Mrs. HANSEN. You have requested $812,405 for the Tafuna electric generating plant, phase I. How many kilowatts is this going to supply?

Governor HAYDON. As you know, we have six units on line at Satala in the bay area and no room to expand. Just like the need for sewerage,

our electrical needs are going to grow by leaps and bounds in the Tafuna area. We are going to have the first watch assembly plant in this area and they are going to need electricity. There will be other plants in this area—maybe a milk distribution plant. We also have a population increase out there. Even with the sixth generator online, which it is now, we have no backup power whatsoever in American Samoa. If we have one generator down, we have a blackout.

Mrs. HANSEN. What type of fuel do you use?

Governor HAYDON. We use Samoa diesel. We run six Nordbeg generators.

Mrs. HANSEN. Where do you get your fuel from?

Governor HAYDON. From Standard Oil by tanker.

Mrs. HANSEN. Do you receive the fuel from the mainland?

Governor HAYDON. It's foreign oil and comes to California and goes to Hawaii and finally gets to Samoa. We are negotiating with Shell Oil Co. to start distribution in Samoa, but it hasn't been consummated yet. We have to have backup power in case of emergency. We are at the point now where we are barely generating just sufficient power for our basic needs. As you know, these things are expensive. We want a tie between the two as we build this generating plant.

Mrs. HANSEN. So you do have a reserve?

Governor HAYDON. If one goes down, we are tied in so we have a backup.

SOLID WASTE SITE DEVELOPMPNT

Mrs. HANSEN. You have requested $67,140 for solid waste site development. You described this a little earlier. Do you have anything to add in this connection?

Governor HAYDON. I showed the area in the picture. It will only be good for a year because it will be filled up then. We did have the dump in the middle of the harbor.

Mrs. HANSEN. Do you fill an area and then plant on top of it?

Governor HAYDON. We fill and compact and cover over, using coral or cinders, probably cinders because they are cheaper. We have had a study by HEW who sent in a team who made a solid waste disposal study for utilizing Logopuna Hill. We said last year the FAA might want us to knock this hill down. It's solid cinders and is not an environmental problem. It has to have a road go into it. The report says it's good for 50 years. It means that all disposable garbage on the island will have to come to that one site. If we could find a site in the eastern end of the island, it would mean that garbage could be trucked to that site and the other end could go to the Logopuna Hill site.

Mrs. HANSEN. What do you do with your garbage in the villages?

Governor HAYDON. Some is buried and burned and the rest they throw in the water. There is only one road, the one I am so frightened of so we have no way to collect garbage. We can clean up periodically as we did during the Johnny Horizon program this year. Our whole youth conservation program this summer will be geared to clean up the two sites in Manua that are quite dirty where they piled up cans and stuff. But it's still very primitive. There are simply no facilities, and will not be until there are roads and trucks.

ROAD CONSTRUCTION

Mrs. HANSEN. How many miles of roads do you have in Samoa?

Mr. VERLANDER. At this time in 1971 we have 35 miles of paved primary road, 8 miles of paved secondary road, and 22 miles of unimproved, and unpaved roads for a total of 63 miles.

Mrs. HANSEN. Is most of this on your major islands?

Mr. VERLANDER. With the exception of about a 2-mile road at Pava'iai. That is right.

Mrs. HANSEN. How many additional miles will the requested $354,000 for roads provide?

Governor HAYDON. 2.6 miles between Pava'iai and Aoloaufou. We have some funds for the Pava'iai road this year and we are planning on making a late start so we wouldn't have to come in and go away and come back. We have a continuing project. The Department of Public Works has put it on the calendar so that when they are done with the initial phase, this work can follow immediately on the assumption that we will obtain these funds.

Chief Fuimaono's village is at the top of that road. There is no way to describe it unless you actually drive up it. It's absolutely incredible! It's so bad we can't get a schoolbus up and down it. Every time we have one of these heavy rains—8, 10, 12, or 14 inches—everything washes out in huge ruts and gulleys. If you don't have a four-wheel drive you can't get up it. Yet some of the best remaining agricultural land on the island of Tutuila lies on that plateau up there.

We can eventually tie in this road to the three villages below which have no roads and also tie in to the village of Poloa where the present paved road ends. This is a step-by-step process, with what limited moneys we have, trying to do that road while providing the most benefits first.

The delegates of chiefs come in to see me all the time and roads and water are the two things they talk about constantly: To build a road to Afono to serve about 200 people costs about $2 million. We can hook up all of the eight villages without roads over a 5-year period at the cost of $13 million.

Mrs. HANSEN. Are you programing this so that you will have these villages hooked up in 5 years?

Governor HAYDON. We have put it in, but we do not have the money. This is where Interior supported this program but OMB did not.

Mrs. HANSEN. Don't they understand you're not going to be able to manage your island very well until there are adequate roads?

Governor HAYDON. I have to assume that they understand. But they just don't have the funds available. I have made movies, I have been as eloquent as I can.

FIVE-YEAR ROAD PROGRAM

Mrs. HANSEN. Please insert in the record the details of your 5-year road program and the amount of funds necessary to complete the project.

Mr. VERLANDER. I can provide that.

(The information requested follows:)

5-YEAR ROAD PROGRAM

	Proposed	Requested	Difference
Paved primary (mile)	19	45	−26
Paved secondary (mile)	13	61	−48
Improved unpaved (mile)	29	40	−11
Total (miles)	61	146	−85
Cost	$6,000,000	$13,100,000	−$7,100,000

CONSTRUCTION OF SEAWALLS

Mrs. HANSEN. Are your seawalls and erosion control construction a continuing project?

Governor HAYDON. Right.

Mrs. HANSEN. What amount of funds would it take to complete all of the necessary seawalls?

Mr. VERLANDER. It's quite difficult to answer the question as such. I believe it was mentioned in the 1970 budget that all of the seawalls had been constructed. What this amounted to is that the banks fronting the ocean were grouted with cement. The ocean water, however, has seeped behind them and has been undermining the seawalls. We are developing an extensive seawall program which will cost between $150,000 and $300,000 per year over a long period of time, taking care of those most critical needs first.

Mrs. HANSEN. Please insert in the record the 6-year seawall construction program.

Mr. VERLANDER. I would be glad to.

(The information requested follows:)

SEAWALL CONSTRUCTION, 6-YEAR PROGRAM

[Dollars in thousands]

	1972	1973	1974	1975	1976	1977
Cost	$150	$250	$300	$250	$250	$200
Lineal feet constructed	7,500	12,500	15,000	12,500	12,500	10,000

Governor HAYDON. An example of what happens, Mrs. Hansen, has occurred at the Afono elementary school. During this last year's stormy season, the water has worked its way to within about 6 feet of the foundation of this school. To fix this, we put a tractor and a frontend loader on a barge and bring the barge all away around the island and in through the reef. It's expensive to do this and it's dangerous because it's very shallow and the coral can easily damage the barge. We completed this project last week in order to save the school from destruction. The people from the village, however have done their best. They made a temporary seawall with rocks they could move by hand. A storm, however, destroys all of their work. If this project was not undertaken, the school would have been lost.

VILLAGE RECREATIONAL AREAS

Mrs. HANSEN. In your village recreation program you have a paved play area, what is the purpose of this?

Governor HAYDON. We have developed a 5-year program with BOR. The initial priority is the development of a recreational area in every village. The priority starts with villages which do not have one. Actually for the 1971 budget we had absolutely no matching funds of any kind. We were told that if anyone would donate the necessary area on which to build basketball courts, volleyball courts and this sort of thing, it would be accepted at fair market value for in-kind matching. Although we have had this program for a year, not one piece of land has been donated.

Here is a primary example of the problems of land ownership in American Samoa. Several people will have to give away a piece of land, in effect, so that there can be a playground.

We haven't had a single donation out of 64 villages. We have had a lot of promises, but no donations. So we have saved the money which we were about to lose by a project which will make the sewer line overburden in the bay area into a parkway. We saved our BOR money by in-kind matching there. This will be the first matching funds that I have had of any kind to use.

A. & E. REVOLVING FUND

Mrs. HANSEN. $100,000 is requested for the A. & E. revolving fund. Can you give us the details on this?

Governor HAYDON. The last paragraph, the plan for reimbursement of expenditures against this fund, is the inclusion of sufficient markup on future projects to permit the transfer of advance engineering costs incurred on the projects. Our problem was $3 million worth of projects with no design.

The second problem is not enough people. One architect really is about all we have had, so we farmed it out.

Mrs. HANSEN. What you propose is an initial $100,000 advance and then reimburse each individual project their share?

Mr. MEEUWSEN. Yes.

Governor HAYDON. Frankly, added in this is that there is a very judicious choice of which projects we will do advanced designs on. We are talking about roads and buildings that now have to be built, whether this year or the following year.

INCREASE IN CORPORATE TAXES

Mrs. HANSEN. Your corporate income tax is estimated at $2.5 million in 1972, which is just about double actual receipts from fiscal year 1970. What accounts for this?

Governor HAYDON. Primarily the one cannery coming off tax exemption. Star Kist is coming off. While we intend to give both canneries additional tax exemptions it's not on their present level of plant production capacity but on that resulting from plant expansion. I think

Mr. Verlander can explain beyond this. It is, however, based on the tonnage level.

Furthermore, more people will be employed by Government and private industry. This will also cause an increase in local revenues.

BULOVA WATCH FACTORY

The Bulova watch factory now appears assured. I signed the agreement with their people yesterday. That means 60 new income taxpayers in American Samoa. If we put in a milk distribution plant, that means so many employees. A new hotel and everything that comes in your local revenues go up. The largest source is the canneries, because they are the largest employer.

TAX EXEMPTIONS

Mr. VERLANDER. I would like to mention that I believe it's quite an innovative approach for tax exemptions whereby we are only offering exemptions on that production which is above the canneries' present plant capacity levels. It's expected that the canneries will increase their plant capacity by about one-third, which will increase employment by approximately 300 people by 1974.

HOUSE INVESTIGATIVE REVIEW

Mrs. HANSEN. It is an innovative program. Last spring a special investigative team of the House Committee on Appropriations performed an audit of the financial management of American Samoa and as a result of this review reported several rather serious deficiencies in your operation. Please summarize for the committee the corrective action you have taken to date, to correct these deficiencies.

Governor HAYDON. I am going to let Mr. Meeuwsen address himself to this question, for it's his department's responsibility. The best summary that I can give you is that Mr. Meeuwsen has instructions to clean it up. He is in the process of doing this under some difficulties, which are primarily related to obtaining of good personnel. Carl, could you tell Mrs. Hansen exactly what we are doing?

REVISION OF ACCOUNTING SYSTEM

Mr. MEEUWSEN. Our biggest area we are working on is our financial management system. We have hired a staff. Last July we had a four-man staff come on board to review and revise our entire accounting system.

We have our statement of accounting principles prepared, which I just discussed Monday with the General Accounting Office. This is our first step toward our financial system. We have revised our payroll system and we have started other studies that we hope to be able to complete by December of this year.

We are looking into the possibilities of mechanized accounting, and preliminary indications are that we can't justify an ADP, computer-type operation. We will probably go to more accounting machines. We have the capability to handle this type of accounting with the

staffing we have. This will be a continuing program. We have had a slight delay now because we have lost two of our staff. We are, however, out recruiting now. We hope to get them very soon and have the entire program revised by December of this year. That is just one area mentioned in the report. There were several areas identified in the House report. I don't know if you want to go through each one of these.

Mrs. HANSEN. Please do.

LONG-RANGE PLANNING

Mr. MEEUWSEN. The first was the deficiency of establishing long-range plans. Since the report, we have set up a PPBS office. Mike Verlander is in charge of our PPBS program. We have made a number of special studies and closely reviewed the Wolf report. We feel now that we do have a good long-range program of development for Samoa, and I think our budget for 1972 is the first really comprehensive long-range program we have ever had. We feel that we have taken care of our problems in this area.

The second item that was mentioned was the community college program—the lack of vocational training. I think the Governor has pretty well clarified all this.

Mrs. HANSEN. Yes.

Mr. MEEUWSEN. The third item was lack of useful accounting information. I have just mentioned the system we are developing.

Another was the lack of insufficient preliminary engineering. The Governor, I believe, has covered this one quite adequately. We have had a lot of overruns in the past, primarily as a result of a lack of good accounting to start with and a lack of preliminary engineering design.

Mrs. HANSEN. Also from a lack of good estimates.

Mr. MEEUWSEN. Yes; I believe we have taken care of this point. Actually in our 1973 program, which we are now developing, we have already done the preliminary engineering and design on our projects. So we have pretty good estimates for 1973. I think we are in really good shape in that area.

REPROGRAMING ACTIONS

A comment was made about all the reprograming actions that have been coming before the committee in the last few years. This again is primarily the result of a lack of good estimating and a lack of good long-range programing on the part of the government. I feel that we are in good shape on this.

Governor HAYDON. I don't believe we have sent any reprograming requests in the last year.

Mr. MEEUWSEN. We have one that we sent in to clear up all the programs immediately after your inauguration. With the good estimates we are now getting, we will be in much better shape on that one also.

Mr. LOESCH. If you look at the record on that, the difference is amazing.

Mrs. HANSEN. Yes.

LEGISLATIVE PARTICIPATION IN BUDGETS

Mr. MEEUWSEN. Participation of local legislature. By establishing a joint budget review committee, I think we have taken care of that.

Mrs. HANSEN. I think you have settled that problem very well.

Governor HAYDON. We have a good start, but we can make it better. We are working out the system that is going to be even better this year so that more people will participate in the joint budget review. In fact, I have said the whole legislature can come if they want, because I really believe in this. I think we should settle our problems at home. The U.S. Government gives the money, but it's their money too. So we all should sit down and do it together.

Mr. MEEUWSEN. Another point reported was that we were not properly utilizing two of the accounting machines we have. The reason was that they were broken down at the time the investigative staff was in Samoa. We now have these machines back in operation. Also, we have received two surplus NCR machines with five more coming.

Governor HAYDON. I know the committee realizes when we break a machine we can't pick up a phone and get it fixed. Nearest help is from Honolulu or the mainland.

Mrs. HANSEN. We understand.

(Discussion off the record).

Mr. MEEUWSEN. It was also mentioned that subsidiary records were not in agreement with general ledger records. This has been a problem that has existed for many years. We now have a program to inventory all of our fixed assets. We have gone through one run completely.

Next, we will identify the property and establish a market price for it and get all our subsidiary records in agreement. This is a substantial effort, however. It's going to take more than a year to complete this project.

We have had some unreconciled bank balances which we have reconciled now. Everything is up to date.

Another comment was made about excessive cash balances in the imprest funds. We have made an audit of all our imprest funds. As a result of this we discontinued nine of them and reduced the amount on a number of others. We therefore feel we have taken care of that.

ACCOUNTS RECEIVABLE

Another comment made was in reference to accounts receivable that were overdue. We had something to close to $600,000 in accounts receivable that were over 60 days old. We have reduced this down to about $450,000 at the present time. We have one large account that goes back, I believe, to 1956. It's an old claim against one of the canneries. I believe the Governor just wrote to the Department of the Interior.

Governor HAYDON. The Department has answered that we should negotiate. It's a bookkeeping thing. The claim is not valid legally, but it's carried on the books and we will probably negotiate a settlement out of court that won't even involve the exchange of money. I am not certain yet, but Interior has replied that this is the way it should be handled.

Mr. MEEUWSEN. That is the big one. To control others, we have established the policy of not giving anybody a business license in Samoa

unless they have all of their accounts brought up to date. This has substantially helped to take care of that problem.

INCOME TAX AUDITS

Governor HAYDON. We are also auditing, for the first time, income taxes. It's a nice money-making, local revenue-producing operation.

Mr. MEEUWSEN. That is the next item that was mentioned in the report under recorded revenues and expenditures. They said that because of a lack of a tax audit program we were possibly losing some revenues. We hired our former tax manager on a 3-month trial period. His audits resulted in additional revenues of $71,000.

Governor HAYDON. Wasn't it out of six audits, $71,000 in income taxes that hadn't been paid? So we are going to audit all income taxes.

Mr. MEEUWSEN. We hired another man. He will be arriving this month and will continue the tax audit program.

There are two more items mentioned here on property control which relates back to the lack of inventories, and so forth. I believe I have covered that.

Those are the major items covered in the report. The Governor has mentioned the one on the hotel situation.

INTERCONTINENTAL HOTEL EXPANSION

Governor HAYDON. The hotel situation continues, in other words, with EDA. I am meeting with them again here and on my way home in Seattle, which is our regional office. We hope to expand that. I have already mentioned that in a way that it retains Samoan ownership and clears the debt. The debt is very substantial, about $1,700,000. That whole concept, frankly, was wrong. But it was done, so now we are just trying to work our way out of it.

There were two separate reports that came in following the investigations—one from BOR and one from Education. Those have been resolved and settled, and there are no quarrels with them. There were some bookkeeping errors and everybody appears to be happy now. But the system is under way. Personnel is the major problem. We can get a top man in from the States but as we go down below on our lower level workers there are going to be bookkeeping errors for a long time. I find even with the Government House account, my electricity was charged to somebody else a year ago, and he didn't know it, so he paid for my electricity.

We aren't home free yet, Mrs. Hansen, but I get a monthly report now by construction project. How much was funded, how much has been spent and where it is, so that I can sit down with the director of public works and go over each one. That was one of the suggestions they made. It takes a lot of work to produce this.

Mrs. HANSEN. I understand. But in any engineering office you must have at your fingertips the present status of any construction project.

PERSONNEL TURNOVER RATIO

What has been your personnel turnover ratio for the first 6 months of fiscal year 1971 for stateside employees?

Insert the information in the record.

(The information requested follows:)

The turnover ratio of 220 stateside employees was 21 percent during the first 6 months of fiscal year 1971. These people were primarily teachers.

PERSONNEL PROBLEMS

Governor HAYDON. We are attempting to recruit as carefully as we can as well as get people to sign over as much as we can. Any time we can get a man to stay 4 years and not have to ship in a new person and pay for all his household belongings we save money. I mentioned yesterday our turnover in the school system this year would be about half of last year. That makes money for us. It not only makes money, but it gives us better employees because it takes a man a year to really get accustomed to the way you do things in Samoa. Mr. Verlander is a good case in point. There aren't many men around like this. He is a young man and has a career ahead of him. How am I going to keep him in Samoa another 2 years? I have to find some inducement, don't I?

Mrs. HANSEN. What is your general evaluation of the performance of stateside employees now performing in Samoa?

Governor HAYDON. This is just my personal feeling. I think we have the finest group that Samoa has ever had. I honestly do. We do get our lemons. I had one man who came in the morning and left in the evening. He didn't even stay a full day. Samoa just wasn't his cup of tea when he got on the shore, so he turned around and went home the same night. He paid his own way. You just get sick, because you have recruited what you think is a good man, if he comes in and he or his wife don't like it, inside of a month they want to get out.

(Discussion off the record.)

Governor HAYDON. Samoa has a peculiar problem, in that it's a small place and if you don't have any other interests it is difficult to keep yourself occupied in your spare time. Some people get sand happy.

Mrs. HANSEN. I understand.

Governor HAYDON. In Samoa 4 years is a long time.

UNOBLIGATED AND UNEXPENDED BALANCES

Mrs. HANSEN. Please insert in the record, a tabulation of your unobligated and unexpended balances as of June 30, 1970.

Governor HAYDON. I think we have that with us.

Mr. MEEUWSEN. We can provide that.

(The information requested follows:)

BALANCES AS OF JUNE 30, 1970 FOR AMERICAN SAMOA

Budget activity	Unobligated balance	Unexpended balance
Governor's office	$6,835	$27,097
Legislative expense		3,879
Chief justice and high court	12,242	22,419
Grants	1,537,961	2,632,263
Total	1,557,038	2,685,658

PROJECT LISTING

Mrs. HANSEN. In connection with unobligated or unexpended balances relating to construction projects, I would like you to list the names of the individual projects, the amounts involved in each instance and the year in which funds were appropriated for that activity.

(The information requested follows:)

Year Funds Appropriated	Construction Project	Unobligated	Unexpended
1970	Secondary roads	$ 15,185	$ 19,202
"	Sealcoating primary road	89,204	89,204
"	Eastern district road	1,396	1,396
"	Highway signs & safety features	10,023	10,023
	Subtotal, ROADS	115,808	119,825
1968	Pago tank slide	10,828	10,828
1970	Mapusaga Fou & Lago Puna system	140,738	160,615
1969	Water treatment	35,689	38,626
1970	Manua village system	13,149	17,443
1970	Water main - Tafuna Malaeimi	56,955	60,946
	Subtotal, WATER	257,359	288,458
1970	Pump stations No. 1 & No. 2	1,140	3,454
1969	Aua sewer outfall	4,202	4,202
1970	Sewer main hotel - market	58,792	67,726
1970	Tafuna sewer	238,125	240,473
	Subtotal, SEWER	302,259	315,855
1970	Manua electrification (POWER)	157,000	157,000
1970	Marine railway centralization	9,180	9,180
1970	Dock repair	76,800	76,800
1969	Land reclamation	16,115	19,161
1969	Marine dock extension	45,605	45,605
1970	Fagatogo seawall	22,000	22,000
	Subtotal, HARBOR	169,700	172,746

AMERICAN SAMOA

Year Funds Appropriated	Construction Project	Unobligated	Unexpended
1970	Central administration building (Supplemental approved in FY 1971)	118,225	118,225
1968	Sealcoat airport T/W	189,788	189,788
1970	Construction equipment	109,040	114,269
Prior to:			
1968	Consolidated school lunch kitchen	95,672	126,184
1970	Manual dispensary	23,110	23,497
	Subtotal, MISCELLANEOUS	535,835	571,963
	TOTAL	1,537,961	1,625,847

BACKLOG OF DESIGN WORK

Mrs. HANSEN. The investigative report (p. 31) indicated that as of January 1970 you had a backlog of architectural and engineering work on $4.5 million of fiscal year 1970 and 1971 capital improvement projects which would require approximately 40 man-years of outside architectural and engineering assistance to complete the planning and design for the fiscal year 1970 projects by July 1, 1970, and for the fiscal year 1971 projects by January 1, 1971. Reportedly no provision had been made for this additional service. In view of this, it would seem that your construction program will be considerably behind schedule. May we have your comments.

Governor HAYDON. I repeat what I said yesterday. We are going to get outside help. In fact we have already let some design contracts. I believe our carryover at the end of this fiscal year will be roughly $690,000. I have gone over every project three and four times personally with the Department of Public Works.

We discussed all projects and I said, "What can you physically do so that I can go back to the committee and not have to give a soft figure?"

All three of us and the Director of Public Works believe that our carryover will be $690,000. This is related to on-going problems.

No. 1, we don't get our money until the budget is signed, as you know. This puts us roughly 3 months into the year.

We can then go on to fiscal design. Next, if we have to buy a piece of equipment, it takes us up to as long as a year to get that piece of equipment. We let bids and, by the time it is made and gets on a ship, as much as a year slips by. For example, we ordered four garbage trucks which took 9 months to get. It took almost a year to get new schoolbuses. It's part of our logistics of supply. It becomes very difficult for us to be on a line like a State which can oftentimes get on the phone and bring in equipment. We don't have this equipment or capability.

Mrs. HANSEN. Where are most of your shipments from?

Governor HAYDON. Off the west coast. For example, you gave us funds in our budget for repairs to the face of our major dock. We need fenders, which are the big rubber things out of Philadelphia. It took 8 months to final arrival in Samoa. Then we must work between ships. We had a lag of 6 months due to the enactment of the budget. Then transportation, equipment, and materials problems compounded the problem.

Mr. VERLANDER. In these particular areas where we do foresee long lead times on specialized equipment, we have made every effort to program our money over a period of years instead of 1 year. I think a good example of this is the first phase of our Tafuna electric generating plant. Nothing will be constructed or intact by the end of 1972. We have our preliminary site development and the procurement of our major equipment in 1972 with the construction of the first unit in 1973.

DELINQUENT INCOME TAXES

Mrs. HANSEN. What progress are you making on your delinquent income taxes?

Governor HAYDON. Locally we are in pretty good shape. This has been the subject of a great deal of correspondence and a number of

meetings. In fact, Carl's meeting with IRS this week to discuss this problem. Our teachers who have left before they receive their refund somehow or other forget to send it back to Samoa after they get on the mainland. We have tried to work out a system with IRS where they will chase these people down and get the money for us. We have had some success, haven't we, Carl?

Mr. MEEUWSEN. We have turned over about $80,000 worth of delinquent accounts to IRS for collection.

Mrs. HANSEN. Don't you have a withholding procedure?

Mr. MEEUWSEN. We do, but we have to turn it over to the United States Treasury. We only get it back after the person files his tax return and claims the credit on the tax for Samoa, gets his refund from the United States Treasury and then pays us. Unfortunately, many of these people are long gone from Samoa. When they get a check for $3,000 or $4,000 they just use it for other things. We have worked closely with IRS on this and we have sent some $80,000 worth of delinquent accounts to IRS. We have gotten some of the money back. They write the taxpayers a letter and sometimes this encourages the taxpayers to pay us. If they don't, IRS will foreclose on them and disallow the foreign tax credit, which means IRS will collect the money, but we never see it. We have some legislation that is being proposed right now that will eliminate this whole problem, if we can just push that through.

Governor HAYDON. That will let us withhold and keep, rather than sending it in and trying to get it back.

DEVELOPMENT BANK

Mrs. HANSEN. I notice you have not included in your justifications a balance sheet for the Bank of American Samoa. As I recall, the Bank of American Samoa was taken over by the Bank of Hawaii. Please give us the details of this consolidation and we would like your comment as to whether or not this transaction has had any adverse effect on the people or government of American Samoa.

Governor HAYDON. I sent the financial statement. Mrs. Farrington has forwarded it to the committee, I am quite certain of this, just in the last 30 days.

Mrs. HANSEN. It wasn't in the justifications.

Governor HAYDON. I have sent it to the committee.

Mrs. HANSEN. Please insert the balance sheet in the record at this point.

(The information requested follows:)

DEVELOPMENT BANK OF AMERICAN SAMOA
PAGO PAGO, AMERICAN SAMOA

STATEMENT OF CONDITION
DECEMBER 31, 1970

R E S O U R C E S

Cash on Hand, in Banks	$ 214,582.22
U. S. Government Obligations	1,499,085.73
Other Securities	524,690.00
Receivable	39,522.53
Loans	269,925.84
Lumana'i Bldg	126,502.79
Furniture & Equipment	340.87
TOTAL	$2,674,649.98

L I A B I L I T I E S

Current Reserves	$ 8,444.92
Reserves for Securities	100,569.23
Reserve for Loans	190,000.00
Total Reserves	299,014.15
Capital	100,000.00
Surplus	500,000.00
Undivided Profits	1,775,635.83
TOTAL	$2,674,649.98

BANK IS PROFITABLE

Governor HAYDON. The Development Bank of course makes money automatically because we were able to invest in securities at prime interest rate, which was very, very good. We only received the final loan negotiations agreement with the Bank of Hawaii about 60 days ago. Since that time, I believe we have guaranteed $186,000 of loans so far for the Development Bank.

Mr. MEEUWSEN. You better provide that.

Governor HAYDON. It can sit there and just make, let's say, $70,000 a year without doing a thing. Until we had the loan agreement we couldn't make any loans. We are now starting to make loans. We hope the bank will serve as a catalyst. That is its whole purpose. There isn't going to be any reason for that bank to exist otherwise.

Construction loans: We also monitor, as you know, the hurricane housing fund. It's a duty the bank took on. Those are Federal funds that are not reimbursable. We have had quite a surge of home constructions in Samoa. We are trying to get the Government out of the housing business. We would rather have the Samoan people build houses and the Government lease them as long as we need contract housing. We are also looking ahead to the day when more and more Samoans take over and there is less of a need for the Government to build its own houses. We would rather have private industry build them and then we lease. We have also guaranteed a small loan on transportation. We have one on a restaurant expansion—and similar things as well.

I think this coming year you will see we have about $5 million in leverage out of our million and a half capitalization. We have also taken on the scholarship loan responsibility.

FREE MEDICAL CARE

Mrs. HANSEN. Mr. Wyatt.

Mr. WYATT. I just have two or three questions. I assume that we were going to try to wind up with these witnesses before noon.

Mrs. HANSEN. Yes.

Mr. WYATT. Governor, what is the basis of the free medical care for Samoa? Is this statutory or is this traditional or what?

Governor HAYDON. It's a traditional policy of the Department of the Interior.

Mr. FUIMAONO. Beginning with the Navy.

Governor HAYDON. When they first came in, and of course it continued.

POWER PROBLEMS

Mr. WYATT. In connection with your power problems, is your power all oil energized?

Governor HAYDON. Yes.

Mr. WYATT. So your cost, I assume, is pretty high to bring your oil in.

Governor HAYDON. Very high.

COST PER KILOWATT-HOUR

Mr. WYATT. What is the kilowatt cost?
Governor HAYDON. You can provide that.
Mr. VERLANDER. Yes.
(The information requested follows:)

Electric energy generating cost per KWH was 22.39 mills in fiscal year 1970. During the first 6 months of fiscal year 1971, the average cost was 20.90 mills per KWH.

Governor HAYDON. Our electricity is expensive though.
Mr. WYATT. This is one of your continuing problems?
Governor HAYDON. Yes.

FISHERIES

Mr. WYATT. One final thing in connection with your fisheries industry. This does seem to be one of your principal industries; in fact, perhaps the principal basis of the economy you have. How many fish processing plants do you have there? What are they doing?

Governor HAYDON. We have two major packers, the Star Kist Co., which is a subsidiary of the Heinz, and Van Camp, which is a subsidiary of Ralston Purina. There also is a company that makes the cans for processing the catch. About 162 vessels are crewed entirely by Koreans and Chinese. The fish come from hundreds and hundreds of miles around with some brought in from Palau.

Mr. WYATT. Who has the cold storage in Palau?

Governor HAYDON. Van Camp. We expect a fairly major expansion of the cannery operations in American Samoa this year. I mentioned yesterday the four trust territories are working together on this, because there is a skipjack fishery that is the last major unexploited fishery in the world. It happens to be in our four areas. We are quite sure the technology is on its way to catch these fish by seining. We are also fairly certain we are going to see, in the next year, or 2 or 3 years, an introduction of American vessels bringing tuna into American Samoa. We have the only cannery in the Pacific other than the Bumblebee cannery in Hawaii. So we sit in a fairly good position. That is why, if they will make substantial capital investment to improve their production above the base tonnage they are now producing, we will give them an additional tax exemption.

Mr. WYATT. Do they each have cold storage facilities as well as cannery facilities?

Governor HAYDON. Yes, and ice making capability. They can hold a lot of fish—a lot of fish comes in that is not processed—swordfish and other scrap type they pick up. When the supply ship comes down from Japan with bait for the long liners, all of these fish are taken back for processing in Japan.

Furthermore, we make pet food and fish meal. We are trying to get a small feed mill started in our Department of Agriculture which would utilize some of the very inexpensive fish meal that we produce.

Mr. WYATT. The Samoans aren't yet involved in the fishery itself, to any extent, are they?

Governor HAYDON. No. It's done entirely by the oriental fleet. They are not going to be either. Because these are small and dirty vessels. You wouldn't serve on them. I wouldn't, and the people from Samoa won't. They tried it. The bunks aren't even long enough and they are filthy dirty.

Human beings shouldn't have to live that way. We believe that if we bring in the west coast seiners that a certain number of young men will go to sea on those boats, because they are modern. Traditionally the Samoan family life is closely knit and to be out on a foul little ship for 6 weeks or 2 months doesn't fit into their life style pattern.

Mr. WYATT. It's difficult, of course, even if you did have decent humane conditions, because of the family life traditions for young Samoans, I would assume, to go out for any prolonged period of time.

Governor HAYDON. Yes and no. We have about 90 people up in Canton Island, and they are without their families. They go for 6 month contracts. There are some who will. The average person, though, wants to be with his family. There is another fishery that goes hand in glove with this which does not involve being away. That is pole and line fishing. This is analogous to the hundred-vessel fleet working in Tahiti. I am absolutely convinced we will have the same in Samoa.

Mr. WYATT. That is separate from the skipjack?

Governor HAYDON. Yes, fish are caught by three men in a boat with poles. It's skipjack though. It can actually produce far better income than any job that the Government can offer a young Samoan man. It takes training and it takes two or three of these boys out making a nice income. I know darned well that when people see one group starting to make some money, the habit is going to catch on with a few others.

Mr. WYATT. Your principal hope for immediate economic development would be in the nature of developing either this skipjack or this Tahitian type fishery?

Governor HAYDON. That is indigenous, plus the expansion. The more products the cannery has, the better.

Mr. VERLANDER. As far as economics go as related to natural resources.

AGRICULTURE

Mr. WYATT. Aside from tourism and the economics that are detached from your natural resources, what is the situation if you have a Samoan who wants to start a 5-acre farm? Is this possible?

Governor HAYDON. We have a number of operations like that.

Mr. FUIMAONO. We started with three-quarter acres of land. This is the program we started to develop the commercial farmers. We are now extending the commercial farmers into 2 acres, 3 acres, and 4 acres of land. Basically, it raised problems with the enlargement of the farms because we don't have development loan farms. This is the only trouble we have now.

Governor HAYDON. We have requested—it has been before the Congress for a long time—inclusion in the FHA small loans to farmers, but we can't get any action on it.

Mr. WYATT. Could I ask the chief a question? If you had some revolving funds that would assist farmers getting into 3-acre farming

operations, do you think there would be a substantial number of Samoans who would be interested in this kind of a program?

Mr. FUIMAONO. Right. It's very true.

Mr. WYATT. Do you have any rough estimate as to what the cost would be for starting a 3-acre operation?

Governor HAYDON. It's fairly nominal. It's not too big.

Mr. FUIMAONO. Not too big to start with. We have three-quarter acres of land that we started with $2,600. Labor is donated by the families with the only costs being machinery, operators and a few other things.

Mr. WYATT. If you got this kind of a program going on a fairly good broad scale, wouldn't this solve quite a little bit of your fresh vegetable and produce, perhaps even meat and protein problems?

Mr. FUIMAONO. This is the only answer to your development there on the farm. These two gentlemen here are in the poultry business. But this is the whole trouble we have. We have tried to expand. They have all the land needed for it.

AVAILABLE FARMLAND

Mr. WYATT. In spite of your terrain, you have plenty of land for this kind of operation?

Mr. FUIMAONO. That is right, sir.

Governor HAYDON. We have roughly 7,000 acres available to develop in agriculture.

Mr. WYATT. It certainly seems to me that this is a crying need for the economy of Samoa for trying to make the people of Samoa more self-sufficient and to bring them a happier and better life and better diet and better standard of living.

Governor HAYDON. Mr. Congressman, we have the same problem that we have in fisheries. I think it's an excellent thing that the speaker of the house and the president of the senate are both commercial farmers. This is setting an example for other people.

Psychologically we have a problem, and that is that most people would rather work for the Government and get a paycheck every 2 weeks than go out and plant taro. That is why Speaker Utu and President Leaeno are not just in the farming business for money. They are trying to assist Chief Fuimaono in teaching other people that this is an honorable thing to do, and we shouldn't have to import all of our vegetables and a million dollars worth of meat a year.

Mr. WYATT. Furthermore, dependent upon a government that is how many miles away—6,000 or 7,000 miles away—for what happens in Washington to determine their standard of living that far away.

Governor HAYDON. I want to add here that almost all people in Samoa are involved in some farming.

Mr. WYATT. Governor, did you say you had legislation for authorizing this?

FHA LOANS

Governor HAYDON. Yes. The Department hasn't introduced it—and I ask about its status each time I am here—that we could be included under the FHA small farmers loan. This is for original grounds

clearing and the loans for the small tools that you need to get started. These are small loans.

Mr. WYATT. You don't even need a tractor for this sort of farming, do you?

Governor HAYDON. No. Our department of agriculture has a tractor. They will help with the initial preparation. However, there is a rental charge for the equipment. We think the Development Bank can make some of these loans.

PENDING LEGISLATION

Mr. WYATT. Governor, would you see if you can put whatever legislation there is in my hands as soon as you are able to do so, and I will see if I can't get other members of this committee to join in pushing this legislation. Really, your fisheries are somewhat limited by various factors. But agriculture is something that, it seems to me, is unlimited.

Governor HAYDON. We now have Samoa under the Small Boat Mortgage Act through the help of Senator Magnuson's staff, which moved very quickly. We have been able to get included a number of things where Samoa was originally left out, for which I don't know why.

Mr. WYATT. Because you don't have a delegate here.

Governor HAYDON. Mrs. Farrington put this amendment up here on the Hill a year and a half ago and it doesn't seem to move.

Mr. WYATT. Let me have a copy of it.

Governor HAYDON. All right.

Mrs. HANSEN. Which committee is it in?

Mr. WYATT. It's probably Agriculture. We will see what we can do. I promise you that.

Governor HAYDON. Chief Fuimaono has a deep interest in agriculture. Each time I have come to Washington he has asked me to check up, and I have. It hasn't moved. He is going to concentrate on this while here.

(Discussion off the record.)

CONCLUSION

Mrs. HANSEN. Governor Haydon, may I express the committee's appreciation to you for a very complete summarization of your programs?

Mr. Secretary, I want to express my appreciation to you and to Mrs. Farrington for your participation and to the members of the legislature, particularly Mr. Meredith, who had a struggle getting here. May I express our appreciation for your participation. It means a lot to us to have you come and testify and listen to the problems that we have in funding the budget of the U.S. Government.

I express my appreciation to you for your time and effort in coming here. I particularly want to thank the Speaker and the President of the Senate for your affectionate regard of our country. We appreciate being associated with you as fellow Americans. Thank you so much.

Governor HAYDON. That is very nice. On behalf of everybody, could I say we approach these hearings and gear up in a lot of trepi-

dation. We really feel we have the sympathy of this committee with our problems.

Mrs. HANSEN. You have, indeed. The people of American Samoa, Trust Territories, Guam, native Alaskans, and the Indian people are one of this committee's major concerns. We feel a great sense of obligation to develop programs that will raise your standard of living.

Governor HAYDON. Could I express another invitation to have the commitee visit American Samoa.

Mrs. HANSEN. The committee will try to visit American Samoa in the near future.

Governor HAYDON. We would love to have you there.

Mr. HANSEN. Thank all of you again for a job very well done. We will recess until 1:30 this afternoon.

MARCH 9, 1971.

TRUST TERRITORY OF THE PACIFIC ISLANDS

WITNESSES

EDWARD E. JOHNSTON, HIGH COMMISSIONER
WILLIAM D. OYLER, PROGRAM AND BUDGET OFFICER
BURL YARBERRY, DIRECTOR OF EDUCATION
RAYMOND J. SETIK, CHAIRMAN, HOUSE APPROPRIATIONS COMMITTEE
BAILEY OLTER, CHAIRMAN, SENATE WAYS AND MEANS COMMITTEE

Mrs. HANSEN. The committee will come to order. We have the privilege of having his honor, Edward E. Johnston, the High Commissioner, present this afternoon. Commissioner Johnston, it's a privilege to welcome you back to the committee. We have had several very interesting sessions with you earlier and are delighted to have you return.

Mr. Commissioner, will you introduce your associates? You have some very distinguished visitors from, I imagine, the Congress of Micronesia. I want to give them a particularly warm welcome.

Mr. JOHNSTON. Yes; Mrs. Hansen. First of all, our two Representatives of the Congress of Micronesia, the Honorable Ray Setik from the Truk district, from the House of Representatives.

Mrs. HANSEN. Is he the Speaker of the House?

Mr. JOHNSTON. No; he is the Chairman of the House Appropriation's Committee.

Mrs. HANSEN. That is a very important post. I am glad he is here.

Mr. JOHNSTON. The Honorable Bailey Olter, who occupies the same position in the Senate of the Congress of Micronesia. From our staff we have Mr. Oyler, who is our program and budget officer. George Hoover is our director of finance. Fred Radewagon is our liaison officer in Washington. Mr. Burl Yarberry is director of education. You know Sam Heller. Mr. Haruo Willter is our budget analyst. Mr. Gerald Phillips is the budget officer. Mrs. Farrington you know. Mr. Steve Miller is the legal counsel for the Congress of Micronesia. Mr. Kozo Yamada is with our land department, who moved from headquarters, and Mr. Leo Falcam, who is the executive officer of the trust territory.

Mrs. HANSEN. Mr. Falcam has been with us before. Mr. Commissioner, I would like to give a particularly warm greeting to our fellow legislators from the Congress of Micronesia. It was my privilege to have served for many years in the legislature of the State of Washington. I know how responsible your job is. We deeply appreciate the fact that you have come the tremendous distance you have to hear and participate in the discussions of your problems, which are also our problems.

We again welcome you. The people of the United States are proud to be associated with you and to have you with us. I know that my very distinguished ranking minority member, Mr. McDade of Pennsylvania, will also want to extend his greetings.

Mr. MCDADE. Thank you, Madam Chairman. Indeed, I do want to welcome you to the legislative process here in Washington. It means a great deal to us that you take the time and travel such a distance to participate with us in trying to solve as best we can the problems that face us. We welcome you and deeply appreciate your attendance.

Thank you, Madam Chairman.

Mrs. HANSEN. Thank you very much, Mr. McDade.

Mr. YATES. Madam Chairman, may I join in the sentiments you expressed?

Mrs. HANSEN. Please do.

Mr. YATES. It was my high honor to be our country's representative of the Trusteeship Council in 1963 and in 1964. I learned about the Trust Territory at that time. Unfortunately, not nearly as much as I would have like to have known.

I think in those years and before there was much that should have been done that was not done. I do hope that in the intervening years to the present time some of the money, that we should have made available long before that time, has been made available for the many needs of the Trust Territory I hope that this hearing will be a lot more productive than were the hearings at that time.

I want to express my pleasure today in meeting these representatives of the legislature. There was no legislature at that time. I am delighted to see that we have made these progressive steps forward to give the people the kind of representation they should have.

Mr. JOHNSTON. Thank you.

Mrs. HANSEN. Mr. Wyatt?

Mr. WYATT. I would join with my colleagues in welcoming the Commissioner and fellow legislators and others from the trust territory.

Mrs. HANSEN. Mr. Obey?

Mr. OBEY. Nothing, Madam Chairman.

Mrs. HANSEN. I think it's singularly appropriate that we have the two chairmen of the Appropriations Committees present because, since this is a revenue-sharing operation in the best sense of the word, I can think of no more two fitting chairmen to be present.

GENERAL STATEMENT

Mr. Commissioner, will you please insert your general statement in the record and summarize it for us?

(The statement follows:)

Statement of Edward E. Johnston, High Commissioner of the Trust Territory of the Pacific Islands, U. S. Department of the Interior, before the House SubCommittee on Appropriations for the Department of the Interior and Related Agencies.

Madam Chairman.

We are very happy to have the opportunity to appear before this committee to discuss our FY 1972 budget. The budget we are presenting today represents the best efforts of the Executive Branch and the Congress of Micronesia in preparing a program for the continuing development of the Trust Territory of the Pacific Islands. This budget has been thoroughly reviewed by the Joint Committee on Program and Budget Planning of the Congress of Micronesia in a series of hearings at which all of the program directors of the Executive Branch had an opportunity to testify.

Financial Management System

Shortly after this administration was inaugurated in May 1969, a review of our financial management system was made by the General Accounting Office. In the final report issued by the GAO and a similar report to the Committee on Appropriations, U. S. House of Representatives, it was pointed out that our financial management system was unable to fully provide the essential and reliable information for management's use in attaining an efficient and economical operation and to satisfactorily report on the custody and use of resources.

We appreciate the efforts expended by these federal agencies in identifying our financial management deficiencies. As a result of these reports, we were able to institute positive action and utilize the reports as guidelines for significant improvements in the field of financial management. An international audit and accounting firm, Peat, Marwick, Mitchell and Co., was contracted to provide the Trust Territory with a financial management system that will provide timely and accurate information and also meet the requirements of the Trust Territory, the General Accounting Office, other regulatory agencies and the Department of the Interior.

Economic Development

Many groups of experts have studied economic development possibilities within the Trust Territory over the past few years. Areas of most likely development potential are tourism, marine resources, and agriculture. Further economic development depends on many factors but would be seriously hampered without additional funds for water, sewer, power, harbors, docks, roads, airports and communications as included in our capital improvements requests.

Health Program

The Trust Territory Government provides all the medical care that is available for the citizens of Micronesia. In the six districts there are no private hospitals, pharmacies, or medical officers in private practice. Delivery of health care is almost exclusively carried out by Micronesian medical officers, dental officers, sanitarians, nurses, health aides and other paramedical personnel. The general level of health is quite good except for outer islands where services are sub-standard in terms of appropriately trained health aides and good physical facilities.

To accelerate the upgrading of professional medical, dental and other health services we are requesting an increase of $1,032,000 and 116 positions, of which 115 are Micronesian. In addition, we plan to continue Micronesian training in all areas of health, organize the in-district education to improve in service training, develop a Health Aide Training Program, and fully utilize the Trust Territory School of Nursing. Training assistance will be obtained through the Federal Manpower Training Act, the Regional Health Program of Hawaii, and other USPHS Grants.

It is anticipated the health services program will provide intensified screening programs, diagnostic, treatment, follow-up and rehabilitation for chronic and handicapping conditions, pilot projects for several outer islands to provide safe and potable water supplies, and mass immunization program. This immunization will provide protective levels of immunity against diphtheria, tetanus, whopping cough, smallpox, poliomyelitis, measles and other pertinent diseases for the entire population.

Operations Program Requirements

The estimated cost of operations for FY 1972 is $39,079,000 (including the Offices of the High Commissioner and Chief Justice) an increase of $5,146,000 over FY 1971.

Included in our operations budget is $750,000 for a salary increase for Micronesian employees. The last pay raise granted Micronesian employees was in October of 1969. Since that time U. S. civil service employees have received two increases. We have, by contract with a private consulting firm, developed a new classification system and pay plan which incorporates all positions, both U. S. and Micronesian, into a single schedule. This plan has been submitted to the Congress of Micronesia for its approval. If the Congress of Micronesia approves the plan, the next step is to stop recruiting U. S. civil service employees and recruit expatriates only through personal contracts within the framework of the single pay plan. Present U. S. civil service employees will be phased out as Micronesian or expatriate contract employees replace them.

At the recommendation of the Congress of Micronesia, this request includes $600,000 to augment our Economic Development Loan Fund. At the end of FY 1970 the fund was exhausted. The rapidly expanding influx of tourists into the Trust Territory could be of far greater economic benefit if our tourist-related business enterprises such as hotel/motels, car and boat rentals, sport fishing, handicraft production, etc., were stimulated and encouraged through credit assistance.

The Land Cadastre program, started in FY 1971, is progressing at a favorable rate. At the time this program was established not a single land title existed in Micronesia. As of December 30, 1970, 868 parcels of land had been surveyed and monumented, preliminary inquiries had been held on 2,051, preliminary titles have been issued on 658 parcels, and formal hearings held on 1,079.

Education Program

In the field of education, the major movement continues in the priority areas of scholarship, teacher training, curriculum development, and school construction. For the school year 1970-71

58-160 O - 71 - pt. 1 --50

there are 139 government-supported full scholarship students, and 248 recipients of education assistance grants or partial scholarships. An appropriation of $200,000 by the Congress of Micronesia is financing the education of 57 students. With additional help from other non-governmental agencies we have a total of 667 students studying in various trade, technical, and professional fields.

The average Micronesian school teacher has less than 12 years total education. To improve the qualifications of our teachers our education department has established teacher training programs in the districts as well as at the Community College of Micronesia. This year 140 teachers will secure instruction and training in their own district schools, and 130 prospective teachers will be enrolled in a two-year course in the Community College of Micronesia.

School construction continues with $1.1 million for elementary and $2.3 million for secondary schools. The secondary school construction will add to our capacity in the eastern districts, where many of eighth grade graduates are still unable to attend High School because of a shortage of classrooms. Much school construction will continue to be done by local contractors.

Capital Improvement Program

We are requesting a total of $20,660,000 for our Capital Improvement Program. The largest item in this program is approximately $6.5 million for water, sewerage, and power to contribute to the infrastructure so badly needed in Micronesia. Water and sewerage projects are funded in four districts, Majuro, Palau, Ponape and the Marianas. Our Health Department reports that the development of our District centers have polluted the lagoons to the extent that the reefs are being damaged. Sewage systems, and especially sewage treatment plants, are essential for the protection of the lagoons, the reefs, and most of all, the people. Epidemics of fecal borne diseases are a constant threat.

$4.5 million is required to continue the improvement of our airfields. The FY 1972 appropriation will complete the funding for the airstrip on Majuro, which also serves as the catchment for the water that the people of the atoll so greatly

need. Present airfields in Yap and Palau districts cannot accomodate jet aircraft. A propeller aircraft must be kept in service by our commercial air carrier to serve those two districts. We hope, in FY 1972, to begin the improvement of the Palau and Yap airstrips to bring these two districts into the Jet Age. Kobler Field, at Saipan, is rapidly deteriorating, and rather than close down that field for several months to make the necessary repairs, we propose to renovate Isley Field.

Budget Review

As I stated before, this budget represents the combined thinking of the executive and legislative branches of the Trust Territory Government. Priorities, established at the District level by the District Legislatures and the District Administrations, have been discussed with headquarters program directors, approved by the High Commissioner, and reviewed and approved by the Congress of Micronesia. The budget has been prepared in detail by program managers, analyzed by the Budget Office, searchingly questioned by the Congress of Micronesia, all this before being submitted to the Department of the Interior and the Office of Management and Budget.

Mr. JOHNSTON. First of all, Madam Chairman, I might say that I am sure you express the opinions of all of my colleagues that we look forward to these hearings. In the relatively brief time that I have been coming here I have always found them very helpful to us in our exchange of questions and answers. We really do look forward to it, despite the distance away from Washington and the change in the temperature.

Mrs. HANSEN. That distance away from Washington, D.C., may be the one saving grace you have.

FINANCIAL MANAGEMENT SYSTEM

Mr. JOHNSTON. I do have a statement to be entered into the record. To briefly summarize it, you will note that we start with a discussion of our financial management system, which is about to be placed in operation. We signed a contract in March of 1970 and have been making rapid progress toward that end.

ECONOMIC DEVELOPMENT

In the field of economic development we again have some progress, but still need to do a great deal more to get the infrastructure in place.

MICRONESIAN SALARY INCREASES

There is one correction I would like to make, if I may, Madam Chairman, on page 3 of our prepared remarks. We say that the last pay raise granted to Micronesian employees was in October of 1969. We have been struggling for roughly a year to implement a single pay plan which would consolidate.

Mrs. HANSEN. Is it finally in effect?

Mr. JOHNSTON. No, it is not.

Mrs. HANSEN. How nearly is it completed? Have you realined the structure so that your Micronesians are paid the same wages as the stateside people?

Mr. JOHNSTON. The plan itself is completed and has been submitted to the Congress of Micronesia. Although the Congressmen who are here are free to comment on this, I believe that, had the Congress gone through on its regular adjournment date it would have passed. As you know, our Congress adjourned rather suddenly due to circumstances beyond their control.

Mrs. HANSEN. No.

Mr. JOHNSTON. Or is the committee aware of that?

Mrs. HANSEN. No, we are not.

BURNING OF LEGISLATIVE CHAMBERS

Mr. JOHNSTON. Somebody burned the Congress of Micronesia building to the ground. It destroyed part of their records. The Congress met briefly the following morning and decided to adjourn. We intend to call a special session probably sometime in April or early May.

Mrs. HANSEN. Is the legislature callable at the request of the Congress?

Mr. JOHNSTON. Yes, Madam Chairman, at the request of the Congress the High Commissioner can call a special session. A meeting will be held on March 21 of the leadership of the Congress to make a request as to when the special sessions shall be.

Mrs. HANSEN. It's a rather strange thing that we have lost two legislative installations, American Samoa's and yours, this year.

Mr. JOHNSTON. Ours, Madam Chairman, has every indication of having been burned deliberately. In one of the offices, the Senate office's papers were taken from drawers and put in piles on the floor and deliberately set afire. The fire, fortunately, could have been a lot more extensive but it did destroy completely the House chambers and the Senate chambers. So they are now without a meeting place.

MICRONESIAN PAY SCALE

In the period shortly after the adjournment, the executive branch and leaders of the legislative branch met together and decided that since the pay plan would again be delayed for at least a short period of time that we would give the micronesian work force a 6 percent across-the-board increase retroactive to July 1, 1970.

Mrs. HANSEN. For the benefit of the new members of the committee, it has been the custom in Samoa and in the Trust Territory to have two pay scales, one for the stateside personnel and another for the local people. I think I told you that if you came back this year without having an equal pay schedule in effect you would be in deep trouble with this committee.

Mr. JOHNSTON. The problem is a lot closer to some solution than it was a year ago.

Mrs. HANSEN. When do you expect the plan to go into effect?

Mr. JOHNSTON. By July.

Mrs. HANSEN. By July?

Mr. JOHNSTON. By July 1 there will be a single classification plan. However, the expatriate employees will receive more actual money than the Micronesians because they pay U.S. Federal taxes and so on.

Mrs. HANSEN. Will the pay schedule be consolidated?

Mr. JOHNSTON. The expatriates will be consolidated into one pay schedule, which was formerly eight separate ones. The Micronesian pay schedule, which was formerly five or six separate schedules, is all consolidated into one. A job, which is held by an American or a Micronesian, will have one classification, one description. And it has been broken into 31 separate pay groups—groups 1 through 31.

Mrs. HANSEN. This is what the committee has wanted for a long time.

CAPITAL IMPROVEMENT PROGRAM

Mr. JOHNSTON. Our capital improvement program is also making progress. We are doing more and more work through local contractors to try and build the local contracting capacity. The big bulk of our capital improvements again in fiscal year 1972 would be for water, sewer, power and also for improving our airfields.

Those are the comments I would have in summary of the statement.

STATEMENT BY REPRESENTATIVE SETIK

Mrs. HANSEN. At this time we would like to ask Representative Setik, the chairman of the House Appropriations Committee, if he has any remarks to make. If you have a prepared statement, please insert it in the record and summarize it for us please.

Mr. SETIK. Thank you, Madam Chairman. Yes, I do have some short comments to make to be inserted in the record, with the permission of the chairman.

Mrs. HANSEN. Please do.

(The statement follows:)

STATEMENT OF RAYMOND SETIK, REPRESENTATIVE OF THE CONGRESS OF MICRONESIA

It is indeed an honor and a pleasure for us to appear before you as representatives of the Congress of Micronesia regarding the fiscal year 1972 budget for the Trust Territory. The Congress of Micronesia, through its joint committee on program and budget planning, held extensive public hearings and executive sessions on the fiscal year 1972 budget last summer. The Congress of Micronesia, therefore, supports this budget as the result of the joint efforts of the executive and legislative branches of the Trust Territory Government. We feel that it is best suited to the development of Micronesia in furtherance of the goals and aspirations of the Micronesian people.

This budget, we feel, represents the proper balance and allocation of the limited funds available for such development. On the one hand, we must have the underlying infrastructure and capital facilities necessary for the continued development of our society and economy. This need is reflected in the amounts budgeted for water, sewerage and power, school facilities, nospitals, and transportation facilities.

On the other hand, the operations budget reflects the need to obtain the maximum utilization of our capital, natural and human resources. One area in which the Congress of Micronesia is particularly interested is having Micronesians assume responsible positions in both the government and private sectors. The improvement of our educational system is crucial to the accomplishment of this goal. Part of this program is also reflected in the pay increase provided for Micronesian employees. We feel that this salary increase is essential to attract and encourage Micronesians to enter government service.

Another part of the operations budget that is of primary interest to the Congress of Micronesia is the Economic Development Loan Fund. The one necessary factor of economic development which is extremely scarce in Micronesia is capital. This loan fund will provide some of the capital necessary to stimulate private enterprise in our developing economy.

This budget is a joint work product of the executive and legislative branches at two levels of government in Micronesia. Preparation begins at the district level with the district legislatures and district administrators. Headquarters department heads then review and discuss the budget after which the High Commissioner prepares a preliminary budget proposal. The preliminary budget proposal is then submitted to the Congress of Micronesia for review and recommendations. The budget, therefore, has been prepared and analyzed at the district level and the headquarters level by the executive branch and reviewed by the district legislatures and the Congress of Micronesia. As a result of this process, Micronesians at all levels and in all branches of government are becoming increasingly familiar and confident with the budgetary process, and are ready to assume more responsibility for the funds being used for the operation of their government.

The Congress of Micronesia understands and appreciates this committee's interest in the Trust Territory and welcomes such valuable assistance. Our planning, programing, and budgetary processes however, seem unnecessarily unwieldy and unproductively time consuming, considering that the whole process is repeated in Washington after it is completed in Micronesia.

The Joint Committee on Program and Budget Planning of the Congress of Micronesia recommends that all grant funds appropriated by the U.S. Congress within the existing ceiling be made available to the trust territory government

for its own allocation. Under such a system, the U.S. grant funds would all be appropriated by the Congress of Micronesia after its review of the administration's budget proposals. We see such a system as being perhaps the single most important step in the fulfillment of America's obligation to promote the political development of Micronesia. Finally, it will eliminate the existing procedure of duplicated executive preparation and legislative review which is so time-consuming and exhausting for all persons in the trust territory government.

Mrs. HANSEN. Thank you very much, Representative Setik. We deeply appreciate having your statement.

Senator Olter, do you have a statement you wish to insert in the record and summarize for us?

Mr. OLTER. No, Madam Chairman, the statement made by Representative Raymond Setik is a product of our committee and we stand behind our statement.

Mrs. HANSEN. That is far more cooperatively done in the legislature of Micronesia than the Congress of the United States. May I congratulate you on your harmonious approach. Thank you so much, Senator.

JUSTIFICATION OF BUDGET ESTIMATES

Please insert pages 109 through 238 of the justifications in the record at this point.

(The pages follow:)

Trust Territory of the Pacific Islands

HIGHLIGHT STATEMENT

Fiscal Year 1972

Description

The Trust Territory of the Pacific Islands includes the Northern Mariana Islands, the Eastern and Western Caroline Islands, and the Marshall Islands. There is a total of 2,141 islands. Although they are scattered over three million square miles in the Western Pacific Ocean, they have but 700 square miles of land. An estimated population of 102,000 inhabits 97 of the islands. The Territory is divided for administrative purposes into six districts, each of which exhibits notable cultural and linguistic differences.

Authority and Government of the Territory

The responsibilities and mission of the United States in Micronesia are set forth in the July 18, 1947 Trusteeship Agreement between the United States and the United Nations Security Council. The obligations assumed under that agreement require the United States to promote the economic, social, political, health and educational development of Micronesia toward self-government. Executive Order 11021 of May 8, 1962, vested executive, legislative and judicial authority for the administration of civil government in the Secretary of the Interior. Secretarial Order No. 2918 of December 27, 1968, as amended, delimits the extent and nature of the authority of the Government of the Trust Territory and prescribes the manner in which the relationships of that Government shall be established and maintained with the Congress of the United States, the Department of the Interior and other Federal agencies, and with foreign governments and international bodies.

Following the United States separation-of-powers model, executive authority is vested in a High Commissioner appointed by the President. A bi-cameral Congress of Micronesia exercises legislative authority. Judicial authority rests in a High Court whose three Justices are appointed by the Secretary of the Interior. District Administrators, appointed by the High Commissioner, are responsible for Territorial affairs, including execution of laws passed by the District Legislature, in their respective jurisdictions.

Programs and Policies

The Trust Territory program derives from the fundamental need of any government to provide programs and services to the people which cannot be effectively or efficiently supplied by the individual or family. The Territorial government as a whole renders the full range of services comparable in range, if not in size, to those obtaining at Federal, State and local levels of the United States government. The United States is directly responsible within the Territory only for national defense, the postal system, and the monetary system. Indirect responsibility is exercised over other functions through Executive and Legislative control of United States appropriations and grants to finance the major share of Trust Territory government operations.

Programs include Education, Health Services, Resources and Development, Public Works, Public Affairs, Transportation and Communications, Attorney General, Personnel, Finance and several staff functions. Directors of these activities are responsible for establishment and implementation of Territory-wide policies and programs. At the next lower level, District Administrators are responsible for program operations of each activity in their district. The current and coming years will exhibit problems of transition as authority and responsibility for program operations are being increasingly decentralized from headquarters to the

districts. This action represents a positive approach toward granting the people of Micronesia a growing and essential voice in the management of their own affairs and an opportunity to participate meaningfully in shaping their own lives and destinies.

The 1972 Program

The budget request for 1972 totals $59,739,000, an increase of $9,989,000 over the currently approved 1971 program.

The 1972 request for operations is $39,079,000 (including the Offices of the High Commissioner and the Chief Justice), an increase of $5,146,000 above the $33,933,000 currently available for 1971. A corresponding increase of $4,843,000 will make $20,660,000 available for the Capital Improvement Program in 1972 as compared with the $15,817,000 currently available for 1971.

Major increases in operations are sought for Education, Health Services, Resources and Development, Transportation and Communications, and Public Works and Utilities.

Also included in the 1972 budget request for operations is $750,000 distributed in each program area to finance an increase in salary for Micronesian employees.

This represents an interim first step toward implementation of a single pay plan for all Trust Territory employees as recommended by a group of private consultants hired to study the personnel management and pay systems. Full implementation of the recommended position classification and salary plans must await review by the Congress of Micronesia. Their recommendations will not be available before early calendar 1971. The 1972 budget therefore includes a simple increase in Micronesian pay scales at 6% for those employees earning below $3,000 per year and 4% for those above that level. Further consideration will be given to this matter during the course of 1971.

Significant capital items included in the request for 1972 are water and sewer system additions in all districts except Yap, electric power system expansion in all districts, incremental funding for airports in Yap, Palau, Saipan and the Marshalls, and additional roads. Also proposed are incremental funding for docks at Ponape and Kusaie, replacement of a ship, communications system improvements, and continuation of the Civic Action Teams in all districts. The 1972 request also provides for construction of 95 additional or replacement elementary school classrooms together with significant additional secondary school construction in Truk, Ponape and the Marshalls.

Funds requested in 1972 will provide for 469 new Micronesian positions and 15 additional American positions, bringing our staffing level to a total of 616 U.S. and 5,814 Micronesians. Micronesian employment requirements increase by 115 in Health Services, 152 in Education, 18 in Public Affairs, 36 in Resources and Development, 7 in Protection to Persons and Property, 44 in Administration, 16 in Transportation and Communications and 81 in Public Works and Utilities. American employment increases by 1 in Health Services, 24 in Education, 5 in Resources and Development and 1 in Protection to Persons and Property. The increases in American employment are offset by decreases of 3 in Administration, 4 in Transportation and Communications and 9 in Public works and Utilities.

DEPARTMENT OF THE INTERIOR
OFFICE OF TERRITORIES

Trust Territory of the Pacific Islands

Appropriation, 1970	$40,612,000	
Supplemental appropriation, 1970	7,500,000	
Total appropriation, 1970		$48,112,000
Appropriation, 1971		49,750,000

Summary of Increases and Decreases, 1972

	Base for 1972	Increase 1972	
High Commissioner's Office			
To provide for increased operating costs	$ 271,000	+7,000	+7,000
Judiciary			
To provide for increased operating costs	290,000	+23,000	+23,000
Grants			
Net increase of $9,959,000 consists of $5,116,000 for operations and $4,843,000 for capital improvements.	49,189,000	+9,959,000	+9,959,000
Net increase, 1972			$ 9,989,000
Budget estimate, 1972			$59,739,000

Analysis by Activities

Activity	Fiscal Year 1970 Amount Available	Fiscal Year 1971 Total Appropriation	Fiscal Year 1971 Unobligated Balances	Fiscal Year 1971 Amount Available
1. High Commissioner's Office	$ 385,110	$ 271,000 1/	$ 82 3/	$ 271,082
2. Judiciary	255,126	290,000	21,381	311,381
3. Grants	49,256,711	49,189,000 2/	1,541,246 4/	50,730,246
Total	$49,896,947	$49,750,000	$1,562,709	$51,312,709

1/ Excludes $154,000 transferred to Grants - Operations in approved reprogramming.

2/ Includes $154,000 transfer from High Commissioner's Office to Grants - Operations in approved reprogramming.

3/ Excludes $23,482 transferred to Grants - Operations in approved reprogramming.

4/ Includes $23,482 transfer from High Commissioner's Office to Grants - Operations in approved reprogramming.

Analysis by Activities

Activity	F.Y. 1970 Amount Available	F.Y. 1971 Amount Available	F.Y. 1972 Estimate	Increase (+) or Decrease (-) 1972 compared with 1971	Page Reference
1. High Commissioner's Office..	$ 385,110	$ 271,082	$ 278,000	$ +6,918	118
2. Judiciary	255,126	311,381	313,000	+1,619	120
3. Grants	49,256,711	50,730,246	59,148,000	+8,417,754	126
Total	$49,896,947	$51,312,709	$59,739,000	$+8,426,291	

The estimate of $59,739,000 for FY 1972 represents a net increase of $9,989,000 over the budget authority for FY 1971, exclusive of carryover funds amounting to $1,562,709.

High Commissioner's Office	$ +7,000
Judiciary	+23,000
Grants	+9,959,000
Net increase, 1972	$+9,989,000

BUDGET AUTHORITY

Summary by Activities
Fiscal Year 1972

	FY 1970	FY 1971	Estimate FY 1972	Increase + Decrease -
I. DIRECT APPROPRIATIONS:				
A. HIGH COMMISSIONER'S OFFICE	$ 315,000	$ 271,000	$ 278,000	$ +7,000
B. JUDICIARY	271,000	290,000	313,000	+23,000
TOTAL - DIRECT APPROPRIATIONS	$ 586,000	$ 561,000	$ 591,000	$ +30,000
II. GRANTS, REIMBURSEMENTS AND OPERATING INCOME:				
A. PROGRAMS, ADMINISTRATION AND OPERATIONS:				
1. Health Services	$ 4,997,000	$ 5,053,000	$ 6,085,000	$+1,032,000
2. Education	6,964,000	8,806,000	10,260,000	+1,454,000
3. Public Affairs	1,216,000	2,018,000	2,056,000	+38,000
4. Resources and Development	3,377,000	3,987,000	4,881,000	+894,000
5. Protection to Persons and Property	1,568,000	1,620,000	1,756,000	+136,000
6. Administration	3,256,000	3,810,000	4,248,000	+438,000
7. Transportation and Communications	1,822,000	2,427,000	2,935,000	+508,000
8. Public Works and Utilities	5,129,000	5,951,000	6,567,000	+616,000

	FY 1970	FY 1971	Estimate FY 1972	Increase + Decrease -
TOTAL - PROGRAMS, ADMINISTRATION AND OPERATIONS	$28,329,000	$33,672,000	$38,788,000	$+5,116,000
B. CAPITAL IMPROVEMENTS	20,647,000	15,817,000	20,660,000	+4,843,000
TOTAL - GRANTS, REIMBURSEMENTS AND OPERATING INCOME	48,976,000	49,489,000	59,448,000	+9,959,000
LESS: ESTIMATED REIMBURSEMENTS AND OPERATING INCOME	-450,000	-300,000	-300,000	- 0 -
NET GRANTS REQUIRED	48,526,000	49,189,000	59,148,000	+9,959,000
ADD: DIRECT APPROPRIATIONS	586,000	561,000	591,000	+30,000
GRAND TOTAL	$49,112,000	$49,750,000	$59,739,000	$+9,989,000

Personnel Staffing - Permanent Positions
FY 1970, 1971 and 1972

	FY 1970	FY 1971	FY 1972
DIRECT APPROPRIATIONS			
U.S. - Civil Service	13	13	13
Micronesians	6	7	7
GRANTS - OPERATIONS:			
Health Services:			
U.S. - Civil Service	9	8	8
U.S. - Contract	33	38	39
U.S. Total	42	46	47
Micronesians	894	1,039	1,154
Education:			
U.S. - Civil Service	32	20	20
U.S. - Contract	171	197	221
U.S. Total	203	217	241
Micronesians	1,442	1,634	1,786
Public Affairs:			
U.S. - Civil Service	16	21	21
U.S. - Contract	4	-	-
U.S. Total	20	21	21
Micronesians	152	187	205
Resources and Development:			
U.S. - Civil Service	54	62	67
Micronesians	450	559	595
Protection to Persons and Property:			
U.S. - Civil Service	18	21	22
Micronesians	285	319	326
Administration:			
U.S. - Civil Service	99	104	101
Micronesians	410	462	506

	FY 1970	FY 1971	FY 1972
Transportation and Communications:			
U.S. - Civil Service	32	37	33
Micronesians	116	136	152
Public Works and Utilities:			
U.S. - Civil Service	37	36	36
U.S. - Contract	42	44	35
U.S. Total	79	80	71
Micronesians	953	1,002	1,083
TOTAL - DIRECT APPROPRIATIONS AND GRANTS - OPERATIONS:			
U.S. - Civil Service	310	322	321
U.S. - Contract	250	279	295
U.S. Total	560	601	616
Micronesians	4,708	5,345	5,814
CONSTRUCTION - Public Works: 1/			
U.S. - Contract (Paid from capital improvement projects)	49	68	65
Micronesians	-	76	75

1/ Excludes when-actually-employed Micronesians.

I. DIRECT APPROPRIATION

A. Office of the High Commissioner: FY 1971 $271,082, FY 1972 $278,000: Increase $6,918. The increase consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) $+1,600	...	...	...	To finance a salary increase for Micronesian employees.
(2) +3,000	...	...	...	Normal salary increments for the 5 U.S. and 7 Micronesian ongoing staff.
(3) +2,318	...	...	...	Minor increase in travel.
$+6,918	...	$278,000	5 U.S. 7 Micro	

Cost Factors Involved in Increases

(1) The cost of the proposed salary increase for Micronesian employees, $1,600. This is calculated on the basis of 4% for 3 employees earning $3,000 or above per annum, and 6% for 4 employees earning less than $3,000 per annum.

(2) Normal salary increments for the ongoing staff of 5 U.S. and 7 Micronesian employees, $3,000.

(3) Increased travel costs, $2,318.

Need for Increase:

(1) Salary increase for Micronesian employees, $1,600: An increase in pay scales for Micronesian employees is proposed in line with recent increases in U.S. civil service salaries and changing conditions in the Micronesian economy. The cost is $1,600 for the seven positions requested for this activity in FY 1972.

(2) Normal salary increments for ongoing staff, $3,000: Normal within grade increments must be awarded except in cases of unsatisfactory performance and selected promotions must be made. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth in lower grade and beginning increments will not be evident for some years to come. An increase of $3,000 is requested to meet these increased pay costs.

(3) Minor increase in travel, $2,318: This increase reflects the anticipated increased demand upon the staff of the High Commissioner for travel.

I. DIRECT APPROPRIATION

A. Office of the High Commissioner:

FY 1971 $271,082, FY 1972 $278,000: Increase $6,918

The estimate for the support of this office in FY 1972 is as follows:

	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
Personnel Compensation and Benefits	$173,000	$177,600	$+4,600
Business and Recruitment Travel	49,682	52,000	+2,318
All Other Object Classes	48,400	48,400	- 0 -
Total	$271,082	$278,000	$+6,918
Source of Funding for above:			
Appropriated Funds	$271,000	$278,000	$+7,000
Unobligated funds brought forward from prior years	82	- 0 -	-82
Total	$271,082	$278,000	$+6,918

A total of $278,000 is required for the support of the Office of the High Commissioner in FY 1972, an increase of $6,918 over FY 1971.

The executive and administrative authority of the Government of the Trust Territory of the Pacific Islands and the responsibility for carrying out the international obligations undertaken by the United States under the terms of the Trusteeship Agreement with the United Nations with respect to the Territory are vested in the High Commissioner, who is appointed by the President of the United States and is under the general supervision of the Secretary of the Interior.

The High Commissioner's "Cabinet" includes the Deputy High Commissioner, the Attorney General, the Executive Officer, the Special Consultant, the Directors of Health, Education, Public Affairs, Resources and Development, Transportation and Communications, Finance, Personnel, Public Works and the Program and Budget Officer.

The budget for the Office of the High Commissioner includes the salaries and supporting costs of the High Commissioner, the Deputy, the Executive Officer, and the Special Consultant. All other officials are funded from grants in the appropriate program areas. There will be no increase in staff in FY 1972.

Staffing:	FY 1971	FY 1972
	5 U.S. Civil Service	5 U.S. Civil Service
	7 Micronesians	7 Micronesians

The increase of $6,918 in FY 1972 includes $1,600 for a salary increase for Micronesian employees; $3,000 for within grade increments for ongoing staff; and $2,318 for business travel.

I. DIRECT APPROPRIATION

B. Judiciary: FY 1971 $311,381, FY 1972 $313,000: Increase $1,619. The increase consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) $ +3,400	...	...	...	Normal salary increments for ongoing staff.
(2) -1,781	...	...	...	Decrease in contractual services for minor alterations.
$ +1,619	...	$313,000	8 U.S. -0- Micro	

Cost Factors Involved in Increases

(1) Normal within grade increments for the 8 ongoing U.S. staff, $3,400.

(2) Minor decrease in contractual services for alterations, $-1,781.

Need for Increase:

(1) Normal salary increments for ongoing staff, $3,400: Normal within grade increases must be awarded except in cases of unsatisfactory performance. An increase of $3,400 is requested to meet these increased pay costs.

(2) Decrease in contractual services for minor alterations, $-1,781: Minor repairs and alterations for courts throughout the Territory will be less in FY 1972.

I. DIRECT APPROPRIATION

B. Judiciary:

FY 1971 $311,381, FY 1972 $313,000: Increase $1,619

The estimate for the support of this office in FY 1972 is as follows:

	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
Personnel Compensation and Benefits	$171,100	$174,500	$ +3,400
Business and Recruitment Travel	68,300	68,300	- 0 -
All Other Object Classes	71,981	70,200	-1,781
Total	$311,381	$313,000	$ +1,619
Source of Funding for above:			
Appropriated Funds - NOA	$290,000	$313,000	$+23,000
Unobligated funds brought forward from prior years	21,381	- 0 -	-21,381
Total	$311,381	$313,000	$ +1,619

The amount of $313,000 is required in FY 1972 to support the Judiciary - High Court, an increase of $1,619 over FY 1971.

There are three types of courts in the Trust Territory: High Court, District Courts, and Community Courts. In this document "Judiciary" applies only to the High Court, with the District and Community Courts being funded as "Local Judiciary" in the Grants area.

The High Court has Trial and Appellate Divisions. The Trial Division has original jurisdiction to try all cases, civil and criminal, including probate, admiralty, and maritime matters, and the adjudication of title to land or any interest therein. The Appellate Division has jurisdiction to review, on appeal, the decisions of the Trial Division of the High Court in the following instances:

1. All cases tried originally in the High Court.

2. Certain cases decided by the High Court on appeal from a District Court.

3. All cases decided by the High Court on review of the record of a District or Community Court decision in which the High Court has reversed or modified the decision so as to affect the substantial rights of the appellant.

The Trial Division of the High Court holds sittings at least four times a year on a circuit-riding basis at the six district centers, and with a fair degree of regularity at three of the sub-centers, in addition to sittings at outlying islands when the need arises.

Statistical Charts 1, 2, and 3 list the number of court cases disposed of and pending before the various courts for the dates listed.

The disposal of a case normally involves a formal court hearing followed by the judge or judges of that court entering a judgment or imposing a sentence or fine. Cases may also be disposed of, however, by such actions as dismissal or transfer to another court.

In FY 1972, emphasis will be on continuing to provide technical guidance and training to the District and Community Court Judges and the Clerk of Courts and their assistants, in addition to providing the citizens and residents of the Trust Territory with the highest quality of justice possible in the courts.

The staff of the High Court consists of a Chief Justice, two Associate Justices, one Administrative Officer, three Court-Reporter-Secretaries, and one Secretary to the Chief Justice. There will be no increase in staff in FY 1972. All the staff are U.S. employees.

Staffing:	FY 1971	FY 1972
	8 U.S. Civil Service	8 U.S. Civil Service
	-0- Micronesians	-0- Micronesians

The increase of $1,619 in FY 1972 consists of $3,400 for within grade increments for ongoing staff, partially offset by a decrease of $1,781 in other contractual services.

CHART NO. 1

TRUST TERRITORY COURTS

Cases Disposed of Per Year

	High Court Appellate Division		High Court Trial Division		District Courts		Community Courts	
	Criminal	Civil	Criminal	Civil	Criminal	Civil	Criminal	Civil
1965	6	5	46	125	1,463	1,035	710	1,739
1966	1	2	41	89	1,509	853	1,150	2,546
1967	0	1	44	175	1,736	1,406	934	2,456
1968	1	3	54	251	2,545	1,273	1,388	2,589
1969	3	11	67	193	2,988	1,365	1,282	2,403
1970	3	12	73	153	3,016	1,236	1,450	2,636

NOTE: All statistics based on calendar year.

CHART NO. 2

TRUST TERRITORY COURTS

Cases Pending at End of Year

	High Court Appellate Division		High Court Trial Division		District Courts	
	Criminal	Civil	Criminal	Civil	Criminal	Civil
1965	1	6	23	269	66	215
1966	0	5	25	335	132	341
1967	1	6	15	327	142	206
1968	2	23	28	231	217	266
1969	4	28	5	312	229	422
1970	6	28	54	876	328	454

NOTE: Community Courts report only cases disposed of; pending cases are not reported.

All statistics based on calendar year.

CHART NO. 3

TRUST TERRITORY COURTS

Cases Disposed of per Quarter

4th Quarter of 1970 (October through December)

	High Court Appellate Division		High Court Trial Division		District Courts		Community Courts	
	Criminal	Civil	Criminal	Civil	Criminal	Civil	Criminal	Civil
Oct.	0	0	12	15	291	107	95	198
Nov.	0	0	1	1	245	89	91	88
Dec.	0	1	13	1	238	86	153	312
Total	0	1	26	17	774	282	339	598

Previous Quarter in 1970 (July through September)

July	0	0	4	21	291	140	75	234
Aug.	0	1	1	10	340	122	85	261
Sept.	0	0	4	9	347	128	110	251
Total	0	1	9	40	978	390	270	746

NOTE: All statistics based on calendar year.

1. Health Services: FY 1971 $5,053,000, FY 1972 $6,085,000: Increase $1,032,000. The increase consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) $ +147,000	...	...	...	To finance a salary increase for Micronesian employees.
(2) +208,700	...	...	...	Normal salary increments for the 46 U.S. and 1,039 Micronesian ongoing staffs and full funding of positions partially lapsed in FY 1971.
(3) +100,000	...	...	...	Anticipated increased costs of medical referrals in FY 1972.
(4) +204,200	...	...	...	Increased requirements for drugs and medical supplies due to expanded health program.
(5) +372,100	+1 U.S. +115 Micro	...	47 U.S. 1,154 Micro	Strengthen health services staff and provide supporting supplies and materials in line with increased program activities.
$+1,032,000	+1 U.S. +115 Micro	$6,085,000	47 U.S. 1,154 Micro	

Cost Factors Involved in Increases

(1) The cost of the proposed salary increase for Micronesian employees, $147,000. This is calculated on the basis of 4% for 99 employees earning $3,000 or above per annum and 6% for 1,055 employees earning below $3,000 per annum.

(2) Annual salary increments for 46 U.S. ongoing positions, $26,700; and 1,039 Micronesian ongoing positions, $130,000. Additionally, $52,000 is required to fully fund Micronesian positions (primarily for new Truk Hospital) partially lapsed in FY 1971.

(3) 512 inpatients and 321 outpatients were referred to Guam, Hawaii, and other hospitals and clinics outside of the Trust Territory in FY 1970. Total costs for referrals including transportation and subsistence of patients and escorts in FY 1970 were $628,000. In FY 1972 costs are expected to be at least $650,000, an increase of $100,000 over the $550,000 for 1971.

(4) Rising costs of drugs and medical supplies and increased demand experienced in recent years is expected to carry over in FY 1972.

(5) Net increase of 1 new U.S. position and 115 new Micronesian positions (Headquarters 4, Marianas 7, Palau 12, Yap 18, Truk 36, Ponape 19, and Marshalls 19), $217,800; general supplies, $119,100; and other minor increases, $35,200.

Need for Increase:

(1) Salary increase for Micronesian employees, $147,000: An increase in pay scales for Micronesian employees is proposed in line with recent increases in U.S. civil service salaries and changing conditions in the Micronesian economy. The cost is $147,000 for the 1,154 positions requested for this activity in FY 1972.

(2) Normal salary increments for ongoing staff, $208,700: Normal within grade promotions must be awarded except in cases of unsatisfactory performance and selected promotions must be made. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth in lower grade and beginning increments will not be evident for some years to come. An increase of $156,700 is requested to meet these increased pay costs. An additional $52,000 is also requested to fully fund Micronesian positions partially lapsed in FY 1971.

(3) Anticipated increased cost of Medical Referrals, $100,000: The Trust Territory's health services program is still lacking facilities and specialists to capably handle medically complex cases. Until our hospitals are staffed with enough specialists and equipped with more complete modern equipment, we anticipate medical referrals will continue to be a major outlay in our health services program. In FY 1970, 512 inpatients and 321 outpatients were referred to Guam, Hawaii, and other hospitals and clinics outside of the Trust Territory at a total cost for referrals, including transportation and subsistence of patients and escorts, of $628,000. The $100,000 requested here is to cover anticipated increased cost in FY 1972, over the $550,000 appropriated for FY 1971.

(4) Increased requirements for medical drugs and supplies, $204,200: An expanded health services program requires increased drugs and medical supplies. Also, costs of medical drugs and supplies have been and remain on the rise. The $204,200 increase requested herein is needed to provide increased and updated medical drugs and supplies to carry out a more comprehensive health services program to the more than 102,000 population whose medical care is almost exclusively provided by the Government of the Trust Territory.

(5) Strengthen Health Services staff and provide supporting supplies and materials, $372,100: All health care received by the Micronesian people must come from the Trust Territory Government since there are no private facilities in the Territory. This Government is ever striving to improve the health care extended to the people. In line with this goal, additional staff is required in FY 1972: 2 U.S. physicians and 1 U.S. hospital engineer for the new Truk Hospital (U.S. staff increase partially offset by dropping 2 U.S. nurses in other districts) and 115 new Micronesian positions. Four (4) additional clerks are needed for Headquarters Administration to meet accelerating workload requirements. 102 additional hospital and dispensary staff are needed for new and/or expanded dispensaries, the new subdistrict hospitals Ebeye and Kusaie, to meet the full operational requirements of the new Truk Hospital, and to help overcome staffing shortages in the older hospitals. Nine (9) additional dental nurses are needed for dental clinics throughout the Territory as dental patient care continues on the rise. An increase of $372,100 for this additional staffing and supporting supplies and materials is requested in FY 1972.

A. PROGRAMS, ADMINISTRATION AND OPERATIONS

Activity	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
1. Health Services:			
a. Medical Administration	$ 394,000	$ 396,000	$ +2,000
b. Hospital and Out-Islands Services 1/	3,935,000	4,882,000	+947,000
c. Environmental Health and Sanitation	233,000	251,000	+18,000
d. Dental Services	273,000	329,000	+56,000
e. Trust Territory School of Nursing	218,000	227,000	+9,000
Total	$5,053,000	$6,085,000	$+1,032,000

1/ Medical Referrals and Medical Supplies are included in the Hospital and Out-Islands account.

The Health Services program is established to maintain and improve health and environmental conditions, minimize and eventually control communicable disease, establish standards of medical and dental care, encourage scientific investigations in the field of health, supervise and administer all government-owned hospitals, clinics, dispensaries and other medical and dental facilities.

a. Medical Administration:

FY 1971 $394,000, FY 1972 $396,000: Increase $2,000

A total of $396,000 is required for Medical Administration in FY 1972, an increase of $2,000 over FY 1971.

The administration of all health programs are carried out by personnel specialists in the fields of medicine, dentistry, pharmacy, hospital administration, nursing, environmental health, health planning/evaluation, vital statistics and medical equipment repairs who provide technical services and give leadership and direction for the implementation of all programs.

Emphasis will continue on comprehensive health planning through the Office of Health Planning/Evaluation, and the Trust Territory Health Planning Councils with increasing implementation of Preventive Health Programs. The emphasis on preventive health services, given a good potable water supply, will markedly reduce the prevalence of many illnesses which now constitute the bulk of medical care.

In FY 1972, four (4) Micronesian new positions will be added: one supply clerk and three clerk typists. These positions are required to assist in the workload demand on this activity.

Staffing:	FY 1971	FY 1972
	6 U.S. Civil Service	6 U.S. Civil Service
	6 U.S. Contract	6 U.S. Contract
	12 U.S. Total	12 U.S. Total
	19 Micronesians	23 Micronesians

The $2,000 increase includes $7,000 for U.S. ongoing positions within grade increases and benefits. Micronesian personnel costs show an increase of $14,100 as follows: $3,700 for a salary increase; $5,300 for the costs of four new positions; and $5,100 for normal salary increments and a few selected promotions. These increases are partially offset by decreases in travel $12,100, supplies and equipment requirement $6,200, and contractual services $800.

b. Hospitals and Out-Islands Services:

FY 1971 $3,935,000, FY 1972 $4,882,000: Increase $947,000

A total of $4,882,000 is required for Hospitals and Out-Islands Services in FY 1972, an increase of $947,000 over FY 1971.

The Trust Territory Government provides all the medical care that is available for the citizens of Micronesia. There are no private hospitals or pharmacies. There are no medical officers in private practice. Delivery of health care is almost exclusively carried out by Micronesian medical officers, dental officers, sanitarians, nurses, health aides and other paramedical personnel. The general level of health is quite good except for the outer islands where services are sub-standard in terms of appropriately trained health aides and good physical facilities.

Medical care is provided through six district hospitals, three sub-district hospitals and 147 rural dispensaries. With three exceptions, physician specialists are not available, requiring Trust Territory patients to be sent as medical referrals to Guam and Honolulu hospitals. (In FY 1970, 512 inpatients and 321 outpatients visits were recorded in the Guam and Honolulu hospitals. Total expenditures for medical charges, transport and subsistence for patients and escorts were $628,000.)

Increasing activities in the areas of Maternal and Child Health, School Health, Case-finding for Crippled Children Services and Family Planning are to be emphasized. A Mental Health Program will be extended throughout the Trust Territory to combat adverse socio-cultural factors involved in acculturation.

Pilot projects already begun for several outer islands to provide safe and potable water supplies for the population will be extended. A screening program for cancer of the cervix for early diagnosis and treatment will be intensified. This program is planned in conjunction with the Regional Medical Program of Hawaii. The mass immunization program with the assistance of the National Communicable Disease Center of Atlanta, Georgia will continue. This will provide protective levels of immunity against diphtheria, tetanus, whooping cough, smallpox, poliomyelitis, measles and other pertinent diseases for the entire population. The resultant immunity level is to be maintained by routine immunizations via the Maternal and Child Health Programs and related public health clinics.

An anticipated Diabetes Survey in FY 1971 for the Marshalls will result in intensified treatment activities in FY 1972. The proposed program for FY 1972 will upgrade and broaden the health services in the district hospitals and dispensaries to insure better quality and more comprehensive health care. New facilities at Truk will be fully operational and new facilities at Ebeye and Kusaie are expected to be operational with attendant increases in personnel and supplies. Replacement and new construction of dispensaries will continue.

Emphasis will continue on training Micronesian health personnel, mainly health aides at the district level. This will be done through assistance of the Federal Manpower Training Act, the Regional Health Program of Hawaii, and other USPHS Grants.

It is anticipated that an increase of 2,500 admissions to the hospitals will occur and outpatient visits will increase approximately 19,000 (see Table I).

Three new U.S. positions are proposed for FY 1972: two additional staff physicians and one hospital engineer for the new Truk Hospital. The engineer is needed to supervise the maintenance of the new sophisticated facilities. Two U.S. ongoing nursing positions (Marianas and Palau) are proposed to be abolished in FY 1972. The net increase in U.S. positions will be one. An additional 102 Micronesian positions are needed to staff new and/or expanded dispensaries, to overcome staffing shortages in the older hospitals and the sub-district hospitals, and to meet current requirements of the new Truk Hospital. District distribution of the FY 1972 new Micronesian positions is as follows: Marianas 6: Palau 10; Yap 17; Truk 34; Ponape 17; and Marshalls 18.

Staffing:	FY 1971	FY 1972
	25 U.S. Contract	26 U.S. Contract
	883 Micronesians	985 Micronesians

The $947,000 increase includes a net increase in U.S. personnel compensation of $57,200 covering the cost of the three new positions and the cost of within grade increments on ongoing positions partially offset by the abolishing of two positions. Micronesian personnel compensation increases $424,600 as follows: $122,700 for a salary increase: $153,500 for the 102 new positions; and $148,400 for within grade increases of ongoing positions, a few selected promotions, and full funding of positions partially lapsed in FY 1971. Medical Supplies increase $204,200 due to sharply rising costs as well as increased demand and an increase of $97,100 is needed for general supplies and feeding costs. Medical Referral costs increase $100,000 (to $650,000 from $550,000 in FY 1971). Other increases are $40,100 in contractual services; $13,800 in travel: $6,200 in equipment; and $3,800 in other object codes.

c. Environmental Health and Sanitation:

FY 1971 $233,000, FY 1972 $251,000: Increase $18,000

A total of $251,000 is required for Environmental Health and Sanitation in FY 1972, an increase of $18,000 over FY 1971.

The function of the Environmental Health and Sanitation Section is to prevent the spread of disease and to control certain environmental factors affecting public health.

In FY 1972, sanitary activities will be directed to the 140 outer island communities for the replacement and construction of centralized water catchments. This will be done in a manner to fit the local situation and adequate enough to prevent the spread of water and fecal borne diseases.

No personnel increase is anticipated.

Staffing:	FY 1971	FY 1972
	1 U.S. Contract	1 U.S. Contract
	62 Micronesians	62 Micronesians

The increase of $18,000 includes $1,100 for one U.S. ongoing position within grade increase and benefits. Additionally, $19,000 for Micronesian personnel compensation is needed to fund $8,800 for a salary increase and $10,200 for the costs of ongoing positions and a few selected promotions. Other increases are in supplies and materials $4,200 and $1,900 in other object codes. These increases are partially offset by a decrease of $8,200 in equipment requirements.

d. Dental Services:

FY 1971 $273,000, FY 1972 $329,000: Increase $56,000

A total of $329,000 is required for Dental Services in FY 1972, an increase of $56,000 over FY 1971.

The Dental Department is responsible for dental health services to the entire population of the Trust Territory, (one exception, there is a private practitioner in Ponape whose impact on the district dental services is very modest).

The Dental Department will implement a comprehensive program of dental services and dental health education. A caries prevention program for school children is to be extended to the outer islands and more frequent visits to care for the dental health of all outer island residents will be made.

The needs to be met are as follows:

1. Train additional dental nurses at the MOC in Koror.
2. To implement the advanced training for dental officers and dental nurses in Mainland and New Zealand Dental Schools.
3. To increase frequency of visits of dental health teams to the outer islands.
4. To extend the school dental caries prevention program to the outer islands.

To meet the staffing requirement of this activity, 9 dental nurses (one each for Marianas, Yap and Marshalls, and two each for Palau, Truk and Ponape) will be added in FY 1972.

Staffing:	FY 1971	FY 1972
	-0- U.S.	-0- U.S.
	66 Micronesians	75 Micronesians

The $56,000 increase includes $41,100 for Micronesian personnel costs as follows: $10,300 for salary increase, $18,100 for the 9 new positions and $12,700 for ongoing positions within grade increases and few selected promotions. Additional increases are in the areas of travel $3,800, contractual services $6,400 and supplies and materials $9,400. These increases are partially offset by a decrease of $4,700 in equipment requirements.

e. Trust Territory School of Nursing:

FY 1971 $218,000, FY 1972 $227,000: Increase $9,000

A total of $227,000 is required for the operation of the Trust Territory School of Nursing in FY 1972, an increase of $9,000 over FY 1971. Enrollment of 100 students is anticipated for FY 1972 as compared with 81 in FY 1971.

The School of Nursing provides instruction in a two and one-half year course of study in clinical nursing and basic public health for Trust Territory wide scholarship grantees. The faculty also provides supervision of all clinical hospital practice, and public health domiciliary field care and clinic practice. The scholarship grantees are provided with transport to and from their districts, uniforms, books, bed and board, graduate pins, diplomas and uniforms, and stipends to cover personal hygienic necessities. Meals and linen laundry services costs are paid to Dr. Torres Memorial Hospital.

The immediate goals are:

1. Increase the output of qualified professional nurses to staff hospitals and dispensaries; especially for staffing new and larger facilities.

2. Increasing enrollment, decreasing attrition.

3. Development of a basic corps of public health nursing personnel for district programs, and for candidates for post graduate P.H. training.

4. Strengthen the program of nursing education by continued staffing with qualified instructors and develop the staff of Micronesian nursing instructors by continued education through in-country workshops and seminars.

5. Continue upgrading of curriculum and strengthening syllabi as pre-entrance qualifications are raised in keeping with high school curriculum development; this includes the use of latest teaching devices and materials.

No increase in personnel is anticipated.

Staffing:	FY 1971	FY 1972
	2 U.S. Civil Service	2 U.S. Civil Service
	6 U.S. Contract	6 U.S. Contract
	8 U.S. Total	8 U.S. Total
	9 Micronesians	9 Micronesians

The $9,000 increase includes $900 for U.S. ongoing within grade increases. Micronesian personnel costs show an increase of $7,000: $1,500 for a salary increase and $5,500 ongoing positions within grade increases and benefits. Other increases include $9,400 for supplies and materials $2,400 for student stipends and $1,800 for other object codes. These increases are partially offset by a decrease of $12,500 in equipment needs.

TABLE I

UTILIZATION OF HOSPITAL FACILITIES

Fiscal Year 1970

District Hospital	Beds Available	Average Daily Census	Percent of Occupancy	Total Census Days	Outpatient Visits
Marianas	92	54	59	19,615	45,357
Marshalls	88	66	75	23,983	42,508
Palau	82	63	77	22,985	41,280
Ponape	68	40	59	14,573	39,628
Truk	80	64	80	23,267	39,763
Yap	42	11	26	3,856	11,161
Total	452	298	66	108,279	219,697
Sub-Hospitals					
Rota	7	3	43	1,200	5,731
Ebeye	18	12	67	4,233	24,564
Kusaie	14	10	71	3,530	9,108
Total	39	25	64	8,963	39,403
Grand Total	491	323	66	117,242	259,100

2. Education: FY 1971 $8,806,000, FY 1972 $10,260,000: Increase $1,454,000. The increase consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) $ +240,200	...	...	...	To finance a salary increase for Micronesian employees.
(2) +176,800	...	...	...	Normal salary increments for the 217 U.S. and 1,634 Micronesian ongoing staff and a few selected promotions.
(3) +878,600	+24 U.S. +139 Micro	...	210 U.S. 1,720 Micro	Increased program costs due to expanded enrollment and improvement of teacher/pupil ratio both in Elementary and Secondary Education.
(4) +84,400	+1 U.S. +19 Micro	...	31 U.S. 66 Micro	Post High School and Vocational training of Micronesians
(5) +22,000	...	$ 566,000	...	Training of Micronesian teachers.
(6) +212,000	...	212,000	...	Government aid to non-public schools in compliance with Public Law No. 3C-36.
(7) -160,000	-1 U.S. -6 Micro	- 0 -	...	Elimination of Adult Education from the Trust Territory funded program pending development of a more comprehensive Adult Education program.
$+1,454,000	+24 U.S. +152 Micro	$10,260,000	241 U.S. 1,786 Micro	

Cost Factors Involved in Increases

(1) The cost of the proposed salary increase for Micronesian employees, $240,200. This is calculated on the basis of 4% for 288 employees earning $3,000 or above per annum and 6% for 1,498 employees earning below $3,000 per annum.

(2) Annual salary increments for 217 U.S. ongoing positions and 1,634 Micronesian ongoing positions, including a few selected promotions, $176,800.

(3) 24 U.S. and 139 Micronesian new positions, $567,700; recruitment and staff travel, $21,300; increased supplies and equipment, $242,600; student stipends, $16,000; other increases primarily in contractual services, $31,000.

(4) 1 additional U.S. specialist and 19 Micronesian new staff for Micronesian Occupational Center, $86,200; staff and students' travel, $29,800; increased costs of scholarship students' stipends and tuition, $26,800; and increased instructional and other supplies, $31,900. Decreases are realized in non-recurring costs in freight between districts, $19,000, and equipment, $70,100; and minor net decrease in other object codes, $1,200.

(5) A total of 130 students, an increase of 22, is expected to be enrolled in Community College of Micronesia in FY 1972. Contractual costs with the University of Hawaii will correspondingly increase by $60,000 to accommodate this additional cost. Eleven (11) fewer Trust Territory funded Teacher Trainees will participate in the Inservice Teacher Training program in FY 1972 with resulting lower costs of stipends, $-19,200; and corresponding reduction in instructional equipment requirements, $-18,800.

(6) Government aid to non-public schools with total enrollment of about 4,944 based on estimates received from those schools, $212,000. These preliminary requests indicate $11,000 needed for textbooks (Grades 1-12), $7,000 for within district Transportation of Boarding Pupils (Grades 9-12 only), and $194,000 for Feeding Programs (Grades 9-12 only).

(7) Decrease of $160,000. Elimination of Adult Education pending development of a more comprehensive program geared to the development and betterment of Micronesia's adults.

Need for Increase:

(1) Salary increase for Micronesian employees, $240,200: An increase in pay scales for Micronesian employees is proposed in line with recent increases in U.S. civil service salaries and changing conditions in the Micronesian economy. The cost is $240,200 for the 1,786 positions requested for this activity in FY 1972.

(2) Normal salary increments for ongoing staff, $176,800: Normal within grade promotions must be awarded except in cases of unsatisfactory performance and selected promotions must be made. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth in lower grade and beginning increments will not be evident for some years to come. An increase of $176,800 is requested to meet these increased pay costs.

(3) Expanded enrollment and improvement of teacher/pupil ratio, $878,600: The primary goals of the Education Department are to make educational opportunities available to all school age children of Micronesia and to bring the level of education in the Trust Territory up to United States standards. Meeting these goals requires an increase both in number and quality of the teaching staff, with concomitant increase in teaching materials and equipment. An estimated 522 new elementary enrollees are expected in FY 1972 requiring an additional 6 U.S. and 73 Micronesian new staff. 788 new enrollees are also expected in the secondary schools requiring an additional 18 U.S. and 65 Micronesian new staff to overcome staffing shortages and

improve the teacher/pupil ratio. 1 Micronesian clerk is required in Education Administration as the workload increases in this area. A total of $878,600 is requested to cover these costs in FY 1972.

(4) Post High School and Vocational training of Micronesians, $84,400: Post High School and Vocational training includes the Scholarship and Medical Education program and the Micronesian Occupational Center:

(a) Scholarship and Medical Education: An increase of $28,800 is requested to provide funding for increased tuition and student stipends. An additional clerk is required to assist in the increasing workload of this activity.

(b) The present enrollment of 300 at Micronesian Occupational Center is expected to increase to about 400 in FY 1972. 4 U.S. new positions (U.S. increase partially offset by dropping 3 other positions) and 18 Micronesian new positions are required to provide the necessary staff in view of the increased enrollment. An increase of $55,600 is requested for this activity in FY 1972.

(5) Training of Micronesian teachers, $22,000: Two approaches are used in teacher training: the Community College of Micronesia at Ponape provides a two-year training course conducted by the University of Hawaii under a contract with the Trust Territory and the Inservice Teacher Training program in which a one-year course is offered in each district in practical teacher education consisting of supervised teaching, observation-participation, etc. The present Micronesian staff includes many who were never trained or poorly trained, unqualified and lacking in professional competency. The FY 1972 request will permit an additional 22 students to enter the Community College of Micronesia. While 11 fewer Teacher Trainees will be supported by Trust Territory funding in the Inservice Teacher Training program, it is anticipated the funding from ESEA, Titles I and III will permit increasing total participation in this valuable program by 20 students. An increase of $22,000 in Trust Territory funding is requested in FY 1972. Any major change in the quality of education in Micronesia will come only as the skill and competency of the Micronesian teacher are increased.

(6) Government Aid to Non-public Schools, $212,000: A total of $212,000 is requested to finance Government aid to non-public schools in accordance with Trust Territory Public Law No. 3C-36.

(7) Elimination of Adult Education Program, $160,000: The Congress of Micronesia recommended that the Adult Education program be eliminated from the Trust Territory funded program in FY 1972, as it was felt it was not adequately funded and was not meeting the needs of Micronesian adults. It was recommended that a more comprehensive Adult Education program be developed and adequate funds provided in some future year, possibly by the Congress of Micronesia.

Activity	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
2. Education:			
a. Administration	$ 866,000	$ 853,000	$ -13,000
b. Elementary	3,910,000	4,562,000	+652,000
c. Secondary	2,056,000	2,691,000	+635,000
d. Inservice Teacher Training	194,000	156,000	-38,000
e. Scholarship and Medical Education	570,000	601,000	+31,000
f. Micronesian Occupational Center	700,000	775,000	+75,000
g. Community College of Micronesia 1/	350,000	410,000	+60,000
h. Adult Education	160,000	- 0 -	-160,000
i. Aid to Non-public Schools	- 0 -	212,000	+212,000
Total	$8,806,000	$10,260,000	$+1,454,000

1/ Formerly known as Micronesian Teacher Education Center.

a. Administration:

FY 1971 $866,000, FY 1972 $853,000: Decrease $13,000

A total of $853,000 is required for Education Administration in FY 1972, a decrease of $13,000 from FY 1971.

The Education Administrative staff consists of the Headquarters Department of Education under the direction of Director of Education, and the offices of the six district Departments of Education.

The Headquarters Department of Education is somewhat unique in that it serves both as a State Department of Education and also as the Local Education Agency for the Trust Territory educational system. Based on input from staff at Headquarters and districts, the Director of Education recommends and formulates policy for the approval of the High Commissioner. The staff of the Headquarters Department of Education aids the districts in the application of education policies, practices and procedures.

At the district level, the District Directors of Education are responsible for the operation of all public schools in their respective districts (one or two high schools, and from thirteen to fifty-six elementary schools in each district scattered over many thousands of square miles of ocean). This involves implementation of policy; employment of indigenous teachers; assignment and direction of staff; requisitioning; storage and distribution of all supplies and equipment; all forms of logistic support for staff and schools; supervision and improvement of instruction; management of dormitories; development of budget requests; development of curriculum materials; in-service training of indigenous teachers; recommendations for building needs including expansion of facilities and development of new schools; participation in the development of long range policy and plans for education; and all other matters relating to the operation of schools.

No increase in U.S. personnel is anticipated. One additional Micronesian position is needed in Palau to provide maintenance services.

Staffing:	FY 1971	FY 1972
	9 U.S. Civil Service	9 U.S. Civil Service
	26 U.S. Contract	26 U.S. Contract
	35 U.S. Total	35 U.S. Total
	63 Micronesians	64 Micronesians

Education Administration decreases $13,000 in FY 1972. The increases of $7,400 for U.S. ongoing within grade increments, $20,500 for Micronesian personnel compensation (including $10,400 for a salary increase), and $2,200 in other object codes are more than offset by decreases in travel $10,400, supplies and equipment $32,000, printing and other services $700.

b. Elementary:

FY 1971 $3,910,000, FY 1972 $4,562,000: Increase $652,000

A total of $4,562,000 is required for Elementary Education in FY 1972, an increase of $652,000 over FY 1971.

The elementary school program provides eight years of schooling for the children of Micronesia in a system having 203 elementary schools and 25,386 pupils. Education is compulsory for children of ages 6 through 14, or until completion of the elementary program. Enrollment is expected to be approximately 25,908 in FY 1972, an estimated increase of 522 over FY 1971. Our present elementary enrollment includes approximately 3,000 overage pupils. Class sizes vary between 20 and 30 pupils per teacher, with greater variations resulting in small schools located on isolated islands.

The curricular design concentrates on language arts, mathematics, social studies, science and health, local crafts and homemaking.

The fact that our teachers are often inadequately prepared, many being less than high school graduates, results in an institutional design requiring training and supervision at every juncture. Progress has been slow, however, because we often do not have the support personnel to adequately train our Micronesian staff.

A major effort for improvements is being made by restricting new teacher employment to high school graduates, conducting in-service and upgrading programs within each district, harnessing talent to capably support teacher training programs in each district, developing standardized approaches for curricular design for Micronesia, shifting and re-designing organizational structures, seeking to strengthen the supervisory and administrative support through more effective recruitment and supporting special training programs at the East-West Center in Hawaii for Micronesian administrators and supervisors. The Community College of Micronesia is planned to upgrade the new staff of Micronesians who will enter the teaching profession.

Efforts also will continue by work being done both at Headquarters and in the districts to develop and adopt for usage curriculum materials that are culturally and geographically oriented to Micronesia.

U.S. staff in FY 1972 will increase by 6 to a total of 59 and Micronesians by 73 to a total of 1,367. These personnel increases are needed to bring the elementary

teaching staff more in line with the anticipated enrollment of 25,908 and to improve the teacher/pupil ratio.

Staffing:	FY 1971	FY 1972
	1 U.S. Civil Service	1 U.S. Civil Service
	52 U.S. Contract	58 U.S. Contract
	53 U.S. Total	59 U.S. Total
	1,294 Micronesians	1,367 Micronesians

The increase of $652,000 includes $55,000 for the 6 new U.S. positions and within grade salary increments for ongoing U.S. staff. An increase of $468,900 for Micronesian personnel costs is distributed as follows: $181,900 for a salary increase; $167,800 for the 73 new positions; and $119,200 for within grades for the 1,294 ongoing positions and a few selected promotions. An increase of $103,400 is needed in the area of supplies and equipment to enable this activity to carry out a more comprehensive program. Other increases are $10,800 for contractual services; $6,600 for recruitment, repatriation and home leave; and $7,300 for other object codes.

c. Secondary:

FY 1971 $2,056,000, FY 1972 $2,691,000: Increase $635,000

A total of $2,691,000 is required for Secondary Education in FY 1972, an increase of $635,000 over FY 1971.

The secondary school program provides four years of schooling in grades nine through twelve, and both the Outer-Islands High School, Ulithi, Yap and the secondary schools on Saipan offer educational opportunities in grades seven through twelve. Enrollment is not compulsory; however, interest in attending is strong. In four of the eight public high schools, the shortage of dormitory and/or instructional facilities or both make it necessary to limit enrollment on a selective basis. During FY 1972 limitations on enrollment will continue in spite of accelerated facility construction. There will be in FY 1972 approximately 800 secondary students not in school due to lack of facilities. Because of the wide variation in achievement in the 203 elementary schools resulting from having had limited trained teachers and differing instructional experiences, several of the schools have established a pre-ninth year for portions of their new enrollees.

All of the public secondary schools except two provide dormitory accommodations and the percentage of dormitory students ranges from approximately 12% to 78% for those schools located in district centers and better than 98% at Kusaie High School in Ponape District. The two secondary schools that do not have dormitory facilities are on Saipan and Yap proper where students from other islands in the Marianas live in private homes under a student support program, and in Yap proper where secondary students are bussed.

The instructional program in the Secondary school is largely one of general education. This includes communication skills, arithmetic and basic mathematics, social studies, physical and biological science at the introductory levels. In these general high schools, agriculture, industrial education, carpentry,

electricity, drafting, boat and auto mechanics, homemaking, business (general business, typing, bookkeeping, business arithmetic, office practice), and physical education are important programs offered to a greater or lesser extent dependent upon the availability of instructional staff and plant facilities in any one school. The achievement level of students is not equivalent to that found in the average secondary school in the United States, and currently ranges from three to five years below average achievement levels based on U.S. standardized tests.

It is estimated that the secondary enrollment in grades 9 through 12 for FY 1972 will total approximately 4,950 students, an increase of 788 students over FY 1971.

To carry out the Secondary Education program in FY 1972, 18 new U.S. positions (13 for Ponape and 5 in other districts) and 65 Micronesians (Marianas 4, Palau 5, Yap 1, Truk 29, Ponape 14, and Marshalls 12) will be needed to staff new and expanded facilities and to improve the teacher/pupil ratio.

Staffing:	FY 1971	FY 1972
	7 U.S. Civil Service	8 U.S. Civil Service
	91 U.S. Contract	108 U.S. Contract
	98 U.S. Total	116 U.S. Total
	224 Micronesians	289 Micronesians

The increase of $635,000 includes $184,700 for 18 new U.S. positions and within grade increments and benefits for ongoing U.S. positions. Micronesian personnel compensation shows an increase of $226,300 as follows: $38,300 for a salary increase; $169,800 for 65 new positions; and $18,200 for ongoing positions within grade increases. Other increases include $141,600 for supplies; $29,600 for equipment; $16,000 for student stipends on Saipan; $19,800 for recruitment; and $17,000 in other object codes.

d. Inservice Teacher Training:

FY 1971 $194,000, FY 1972 $156,000: Decrease $38,000

A total of $156,000 is required in FY 1972 for Inservice Teacher Training, a decrease of $38,000 from FY 1971.

Inservice one-year programs of teacher education are offered in all districts for experienced teachers who need additional instruction in general and special subject matter and additional training in practical teacher education activities (student teaching, observation-participation, etc.). The major emphasis in these programs centers on practical teacher education activities. The program will continue to be supplemented by ESEA, Titles I and III funds in FY 1972.

About 77 Micronesian teachers are undergoing one-year training in FY 1971 with Trust Territory funding. In FY 1972 about 66 Micronesian teachers will receive additional instruction and training under this program with Trust Territory funding. There will be no staffing involved from Trust Territory funds. The $38,000 decrease results from reduction in instructional equipment requirements, $18,800; and a decrease in student stipends, $19,200.

e. Scholarship and Medical Education:

FY 1971 $570,000, FY 1972 $601,000: Increase $31,000

A total of $601,000 is required in FY 1972 for Scholarship and Medical Education, an increase of $31,000 over FY 1971.

The Scholarship and Medical Education programs are comprised of 3 major sections: (1) the administration of the Scholarship Program, including awarding of scholarships, (2) student services for Micronesian scholarship students attending the University of Guam, and (3) the medical education and training program.

Under the direction of a Scholarship Officer located in the Headquarters Education Department, this office administers a program that provides full scholarships at the University of Guam, the University of Hawaii, mainland colleges and universities, various trade and technical schools in the United States, and schools in Fiji, New Guinea, and the Philippines. In addition to full scholarships, other lesser scholarships are awarded which provide such things as tuition only, transportation, or such partial help as a student may need. In addition, the office coordinates such programs as are sponsored by the American Field Service, United Nations Fellowships, East-West Center scholarships and training programs, and other programs that become available. The office also has supervision over the staff members who are assigned to the student services program for Micronesian students in Guam.

The Guam student services program arranges for private sponsors with whom Micronesian college, trade school, and high school students may live, provides a counselling service for Micronesian college students attending the University of Guam, and otherwise assists Micronesian students on Guam or who are transiting Guam.

The Medical Education and Training Program is carried on in conjunction with such agencies as the World Health Organization, the South Pacific Commission and the East-West Center at Honolulu. Students are sent to various schools of medicine, dentistry, pharmacy, and sanitation in the United States, the Philippines and Fiji. Intensive training for Micronesian medical staff in various specialties such as anesthesiology and pharmacy is also obtained in the Guam Naval Hospital and the Guam Memorial Hospital.

The Scholarship staff will consist of 3 U.S. and 5 Micronesians, an increase of one Micronesian over FY 1971. The new Micronesian clerical position will be needed to assist in the increasing workload of this activity.

Staffing:	FY 1971	FY 1972
	2 U.S. Civil Service	2 U.S. Civil Service
	1 U.S. Contract	1 U.S. Contract
	3 U.S. Total	3 U.S. Total
	4 Micronesians	5 Micronesians

The increase of $31,000 includes $1,000 for a Micronesian salary increase and $2,900 for one new Micronesian position and incremental costs of ongoing U.S. and Micronesian positions. Other increases include $26,800 for scholarship grants and $300 for office equipment.

f. Micronesian Occupational Center:

FY 1971 $700,000, FY 1972 $775,000: Increase $75,000

A total of $775,000 is required for the Micronesian Occupational Center in FY 1972, an increase of $75,000 over FY 1971.

In FY 1971 the Micronesian Occupational Center has 300 full-time students. During FY 1972 the Center will increase by nearly 100 students for a total of about 400.

The MOC program funds six district vocational education supervisors and provides the overhead for feeding over 650 Palau High School students before the actual program is realized. MOC, the Territory's residential vocational school, will offer courses in 22 different occupational choices in FY 1972. Included are such vitally needed trades as appliance, automotive and heavy equipment maintenance and repair, air conditioning, welding, electrical, plumbing, and institutional food preparation and serving (with its Palau High School feeding program offering practical experience in the latter).

Four new instructors are proposed for FY 1972: Vocational Curriculum Specialist, Surveying Instructor, Maintenance Instructor, and Heavy Equipment Operation Instructor. Three ongoing positions (Assistant Director, Boys Recreation Specialist, and Girls Recreation Specialist) are proposed to be abolished in FY 1972 with the two latter positions slated to be filled by Micronesians. The net increase in U.S. positions will be one. An additional 18 Micronesian positions are requested to provide the instructional staffing requirement in anticipation of the increased enrollment.

Staffing:	FY 1971	FY 1972
	27 U.S. Contract	28 U.S. Contract
	43 Micronesians	61 Micronesians

The $75,000 increase includes a net increase of $14,500 in U.S. personnel compensation covering the cost of the four new U.S. positions and the cost of within grade increments on ongoing positions as partially offset by the abolishing of three positions. Micronesian personnel compensation increases $89,400 as follows: $8,600 for a salary increase; $74,500 for the 18 new positions; and $6,300 for within grade increases for ongoing positions. Other increases are in instructional and other supplies, $31,900, and in staff travel and students' travel between Palau and home districts, $29,800. These increases are partially offset by decreases in non-recurring freight shipments, $19,000; non-recurring equipment purchases, $70,400; and minor net decrease in other object codes, $1,200.

g. Community College of Micronesia:

FY 1971 $350,000, FY 1972 $410,000: Increase $60,000

A total of $410,000 is required for the operation of the Community College of Micronesia in FY 1972, an increase of $60,000 over FY 1971.

The Community College of Micronesia is located in Ponape. It provides a two-year teacher education program for Micronesians from all six districts of the Trust

Territory. The college is operated by the University of Hawaii under a contract with the Trust Territory. Portions of the operations expense are disbursed by the Department of Education.

The two-year program includes studies in both professional and general education, special subject matter offering, and practical teacher education experiences. During the second year program, selected teachers will receive special training which aims at providing cooperating teachers (teacher trainers) for each district's teacher training program. The Inservice Teacher Training Program in each district is being correlated with Community College of Micronesia.

Enrollment in FY 1971 at Community College of Micronesia is 108. In FY 1972 it will be possible to increase enrollment to 130 students.

The increase of $60,000 will provide for an additional 22 students to bring the enrollment to 130.

h. Adult Education:

FY 1971 $160,000, FY 1972 $ - 0 -: Decrease $160,000

The decrease of $160,000 in Adult Education reflects a Congress of Micronesia recommendation to drop the Adult Education program temporarily pending development of a more comprehensive program geared to the development and betterment of Micronesia's adults. FY 1971 staffing was 1 U.S. Civil Service and 6 Micronesians.

i. Aid to Non-public Schools:

FY 1971 $ - 0 -, FY 1972 $212,000: Increase $212,000

A total of $212,000 is required in FY 1972 for Government aid to non-public schools.

Public Law 3C-36 enacted by the Congress of Micronesia for aid to non-public schools requires the Trust Territory to provide non-public schools pupils with benefits equal to those provided public school students in the areas of transportation, textbooks, accident insurance, testing, medical and nursing services, and feeding programs.

There are currently about 4,944 students enrolled in non-public schools and, based on preliminary requests from the schools, $212,000 is needed in FY 1972 to help support their operations under provisions of Public Law 3C-36. These preliminary requests indicate $11,000 needed for textbooks (Grades 1-12), $7,000 for within district Transportation of Boarding Pupils (Grades 9-12 only), and $194,000 for Feeding Programs (Grades 9-12 only).

3. Public Affairs: FY 1971 $2,018,000, FY 1972 $2,056,000: Increase $38,000. The increase consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) $ +27,900	...	...	...	To finance a salary increase for Micronesian employees.
(2) +66,300	...	...	...	To meet increased pay costs.
(3) -21,600	+6 Micro	...	11 U.S. 140 Micro	Increase in Broadcasting staff, more than offset by reduced equipment requirements primarily in Broadcasting. The 1971 political education and legislative liaison program levels will be sustained.
(4) +162,400	+12 Micro	...	8 U.S. 65 Micro	Program increase for self-help programs in Micronesia.
(5) -200,000	...	$ 300,000	...	Program decrease in Housing Loan Fund.
(6) -6,000	...	10,000	...	Decreased costs of Congress of Micronesia election in FY 1972 due to "off year."
(7) +9,000	...	125,000	...	Minor increases in Federal grants support of Congress of Micronesia operations.
$ +38,000	+18 Micro	$2,056,000	21 U.S. 1/ 205 Micro	

1/ Includes 2 industrially funded U.S. Civil Service positions.

Cost Factors Involved in Increases

(1) The cost of the proposed salary increase for Micronesian employees, $27,900. This is calculated on the basis of 4% for 77 employees earning $3,000 or above per annum, and 6% for 128 employees earning less than $3,000 per annum.

(2) Normal salary increments plus a few selected promotions for the ongoing staff of 19 U.S. and 187 Micronesian employees, $45,700; 3 U.S. positions in Community Development were partially lapsed in FY 1971, $20,600.

(3) Six additional Micronesian employees for Broadcasting Division, $10,500; more than offset by reductions in equipment requirements, primarily in Broadcasting, $31,900 and other object codes, $200.

(4) Twelve additional Micronesian grant-in-aid administrators, $20,300; increased grants-in-aid to communities, $160,400; temporary employees not required in FY 1972, $-9,400; reduced requirement in business travel, $-4,500; and minor reduction of requirements in other object codes, $-4,400.

(5) Program reduction, $-200,000.

(6) Decreased costs of Congress of Micronesia election in FY 1972 due to "off year," $-6,000.

(7) Secretary of Interior's Order No. 2918, as amended August 13, 1970, provides for U.S. Federal grants funding in amount of $125,000 to help support operations and expenses of the Congress of Micronesia.

Need for Increase:

(1) Salary increase for Micronesian employees, $27,900: An increase in pay scales for Micronesian employees is proposed in line with recent increases in U.S. civil service salaries and changing conditions in the Micronesian economy. The cost is $27,900 for the 205 positions requested for this activity in FY 1972.

(2) To meet increased pay costs, $66,300: Normal within grade promotions must be awarded except in cases of unsatisfactory performance and selected promotions must be made. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring will not be evident for some years to come. An increase of $45,700 is requested to meet these increased pay costs. Three Community Development positions partially lapsed in FY 1971 will require full funding in FY 1972, $20,600.

(3) Increase in Broadcasting staff, more than offset by reduced equipment requirements primarily in Broadcasting. The 1971 political education and legislative liaison program levels will be sustained, $-21,600: The program of political education is well underway in Micronesia and the FY 1971 program level will be sustained in FY 1972. This program came into full swing in FY 1971 shortly after it was established in FY 1970. Six new Micronesian positions at the cost of $10,500 are needed to strengthen Broadcasting staff in FY 1972. This increase is more than offset by reductions in equipment requirements, primarily in Broadcasting, $31,900 and other object codes, $200.

(4) Program increase for self-help programs in Micronesia, $162,400: The resumption of the Grant-in-Aid Program in 1967 has created great interest among the out-islanders and community participation in this program has been healthy. As knowledge has spread, more and more small communities have requested Grant-in-Aid help. District Legislatures and the Congress of Micronesia have strongly supported the program. Additional staffing to help process applications and manage projects and additional funding for grants-in-aid (about 70 grant awards as compared with the 45 expected in FY 1971) are needed to keep pace with increased demand in this self-help program, $162,400.

(5) Program decrease in Housing Loan Fund, $-200,000: $500,000 was funded in FY 1971 for the Low Cost Housing Loan Fund program. In FY 1972, $300,000 is requested as a second increment for this program, thus showing a program decrease of $200,000 over the initial increment. The additional $300,000 in FY 1972 will permit us to finance approximately 75 more low cost private dwellings.

(6) Decreased costs of Congress of Micronesia election due to "off year" in FY 1972, $-6,000: The decrease of $6,000 will leave enough funds to provide for any Congress of Micronesia special elections in FY 1972, an off year.

(7) Minor increase in Federal grants support of Congress of Micronesia operations, $9,000: The Secretary of Interior's Order No. 2918, as amended August 13, 1970, authorizes the Trust Territory to seek Federal grants appropriations in the amount of $125,000 in Fiscal Years 1971 and 1972 to help support the operations and expenses of the Congress of Micronesia. The FY 1971 regular appropriation as enacted provided $116,000 as requested under authority of the Secretary of Interior's Order No. 2918 dated December 27, 1968.

Activity	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
3. Public Affairs:			
a. Office of the Director	$ 72,000	$ 73,000	$ +1,000
b. Legislative Liaison	130,000	141,000	+11,000
c. Civic Affairs	98,000	104,000	+6,000
d. Public Information	218,000	227,000	+9,000
e. Broadcasting	330,000	335,000	+5,000
f. Community Development	230,000	256,000	+26,000
g. Grant-in-Aid	308,000	485,000	+177,000
h. Housing Loan Fund	500,000	300,000	-200,000
i. Congress of Micronesia - Elections	16,000	10,000	-6,000
j. Congress of Micronesia - Operations	116,000	125,000	+9,000
Total	$2,018,000	$2,056,000	$ +38,000

The Public Affairs Department includes the Divisions of Civic Affairs, Legislative Liaison, Public Information, Radio Broadcasting, Community Development, and the Government Print Shop, which is industrially funded. In FY 1971, the former division of Political Affairs was divided into the two divisions of Civic Affairs and Legislative Liaison. These divisions constitute two distinct activities with different functions. Civic Affairs is charged with the development and implementation of the political education program while Legislative Liaison provides services between the Executive Branch and the various legislative bodies at all levels including the Congress of Micronesia.

a. Office of the Director:

FY 1971 $72,000, FY 1972 $73,000: Increase $1,000

A total of $73,000 is required for the Office of the Director of Public Affairs in FY 1972, an increase of $1,000 over FY 1971.

The Director of Public Affairs has supervisory responsibility for all the divisions under the Public Affairs area. In FY 1971, funds were reprogrammed from the Direct Appropriation area to help finance the Office of the Director of Public Affairs under the Grants - Operations area. In FY 1972, the Office of the Director of Public Affairs is budgeted in the Grants area with a staff of two U.S. and one Micronesian to provide direction and leadership to all Public Affairs programs. The involvement of Broadcasting, Public Information, and Civic Affairs Divisions in the area of Political Education requires high level coordination to provide a comprehensive program.

Staffing:	FY 1971	FY 1972
	2 U.S. Civil Service	2 U.S. Civil Service
	1 Micronesian	1 Micronesian

The $1,000 increase includes $800 for normal within grade increments for the U.S. and Micronesian ongoing staff; $500 for a salary increase for the Micronesian position; $500 for office equipment and supplies; partially offset by a reduction of $800 in anticipated travel.

b. Legislative Liaison:

FY 1971 $130,000, FY 1972 $141,000: Increase $11,000

A total of $141,000 is required for the operation of the Division of Legislative Liaison in FY 1972, an increase of $11,000 over FY 1971.

Under the general direction of the Director of Public Affairs, the Division of Legislative Liaison established in FY 1971 has the responsibilities of establishing and coordinating communications between the Executive Branch and the legislative bodies at all levels. It prepares analyses and reports on specific legislative developments within the Trust Territory, facilitates the dissemination of such information within the Executive Branch of the Government, and has the responsibility for follow-up on the Executive Branch legislative programs annually submitted to the Congress for consideration and action. It participates in conducting elections to make sure that elections of the Congress of Micronesia, Districts and Municipalities are held regularly and according to law. It also provides staff assistance to the local legislative bodies in the drafting of bills and ordinances. Contact and liaison work with the district legislatures is carried out by counterpart staff in each district.

In FY 1972, emphasis will continue to be placed on providing guidance and technical assistance to municipal councils and analogous local government bodies. The Division will also continue to assist in the political education program throughout the Territory in FY 1972.

The manning level for FY 1972 remains the same as FY 1971.

Staffing:	FY 1971	FY 1972
	-0- U.S.	-0- U.S.
	30 Micronesians	30 Micronesians

The increase of $11,000 includes $4,300 for a salary increase for Micronesian employees and $8,000 for normal increments for ongoing positions. These increases are partially offset by a decrease of $1,300 in other object classes.

c. Civic Affairs:

FY 1971 $98,000, FY 1972 $104,000: Increase $6,000

A total of $104,000 is required for the Division of Civic Affairs in FY 1972, an increase of $6,000 over FY 1971.

Under the general direction of the Director of Public Affairs, the Division of Civic Affairs has primary responsibility for the political education of the Micronesian people. This division is responsible for the content of the Political Education Program while the divisions of Public Information, through its press releases and other publications, and Broadcast are responsible for the dissemination of the political education materials. It prepares political analyses and reports on specific political developments or situations within the Trust Territory and facilitates the dissemination of any information which will enhance public awareness in socio-politico-economic issues bearing on the question of self-determination with respect to the future political status of

Micronesia. The Civic Affairs Division also sets up workshops after each election in each district and teaches parliamentary procedures to new legislators.

Emphasis in FY 1972 will continue to be placed on promoting political maturity and sophistication so that when Micronesians are given the opportunity to express a preference regarding their future status they will have attained a reasonably well-developed understanding of the issues involved in the decision.

The manning level for FY 1972 remains the same as FY 1971.

Staffing:	FY 1971	FY 1972
	-0- U.S.	-0- U.S.
	11 Micronesians	11 Micronesians

The $6,000 increase includes $2,000 for a salary increase for Micronesian employees and $3,500 for normal within grade promotions for ongoing positions. Other increases, $400 for supplies and materials and $300 for printing, are partially offset by a decrease of $200 in equipment.

d. Public Information:

FY 1971 $218,000, FY 1971 $227,000: Increase $9,000

A total of $227,000 is required for the operation of the Division of Public Information in FY 1972, an increase of $9,000 over FY 1971.

Under the general direction of the Director of Public Affairs, the Division of Public Information has the primary function of disseminating information of importance throughout the Trust Territory and of promoting interest outside the Territory by the distribution of a twice-monthly newsletter and a quarterly journal of Micronesia to members of the U.S. Congress and other interested readers. It also prepares the Annual Report to the Secretary of the Interior and to the United Nations. This Division works through their counterpart staff in each district in gathering information of interest to the Micronesian people, the people in the United States and interested readers around the world.

In FY 1972, emphasis will be on increasing the effectiveness of the political education program. The growing political education activities of the Public Affairs Department will need the writing and graphic presentation support of the division's staff to carry out this mission. Also in FY 1972, this Division will provide training and Territorial news coverage of the second Micronesia Olympic Games which are slated to be held in Palau in July.

The manning level for FY 1972 remains the same as FY 1971.

Staffing:	FY 1971	FY 1972
	5 U.S. Civil Service	5 U.S. Civil Service
	17 Micronesians	17 Micronesians

The $9,000 increase includes $2,700 in U.S. personnel compensation and $4,800 in Micronesian personnel compensation for normal within grade increments for ongoing positions, and $2,700 for a salary increase for Micronesian employees. These increases are partially offset by a decrease of $1,200, primarily in equipment.

e. Broadcasting:

FY 1971 $330,000, FY 1972 $335,000: Increase $5,000

A total of $335,000 is required for the operation of the Division of Broadcasting in FY 1972, an increase of $5,000 over FY 1971.

The Broadcasting System in the Trust Territory consists of six radio broadcast stations, one located in each district and a Broadcast Center at headquarters which serves as the administrative and programming office for the entire system.

In FY 1972, emphasis will be on using this medium as an educational instrument, especially for political education, and to disseminate information of importance to the listeners. In the political education program, Micronesian writer-translators, in conjunction with the staffs of Civic Affairs, Legislative Liaison, and Public Information Divisions, will write, translate, and produce radio programs designed to provide the Micronesian public a basis for deciding its political future. Also, in FY 1972 emphasis will be on continuing to train Micronesians in the field of radio broadcasting and to upgrade the quality of radio programs in the Trust Territory. At present, the radio stations are manned 100% by Micronesians who have only rudimentary training in the skills necessary to write, produce, program and announce. Additional training is necessary at the district level so that all stations will be responsive to the needs of the districts they serve. The day to day functions of an informational radio station are not being met in many areas because of this lack of training. With the strengthening of the Truk transmitter to 5KW as requested in the capital improvements budget, radio broadcasting will reach virtually all of Micronesia.

In FY 1972, six new Micronesian positions will be added to the Broadcasting staff to increase the effectiveness of radio broadcasting in the Trust Territory (1 writer-translator for Headquarters, 1 secretary for Palau, 3 radio announcers for Yap, Ponape, and the Marshalls, and 1 radio librarian for Ponape). Total staff for FY 1972 will be 4 U.S. and 81 Micronesians.

Staffing:	FY 1971	FY 1972
	4 U.S. Civil Service	4 U.S. Civil Service
	75 Micronesians	81 Micronesians

The $5,000 increase represents the net effect of increases in personnel compensation of $10,500 for the 6 new Micronesian positions; $9,800 for a salary increase for Micronesian employees; $14,500 for normal salary increments for ongoing U.S. and Micronesian staff; $300 in other object codes; and a substantially large reduction in equipment requirements of $30,100.

f. Community Development:

FY 1971 $230,000, FY 1972 $256,000: Increase $26,000

A total of $256,000 is required for the operation of the Division of Community Development in FY 1972, an increase of $26,000 over FY 1971.

Under the general direction of the Director of Public Affairs, the Division of Community Development is responsible for coordinating and planning for the rehabilitation of displaced communities, disaster relief, and the repatriation

of hardship cases. It coordinates Trust Territory programs with other Federal Agency Programs, such as the Office of Economic Opportunity and the Peace Corps. It acquires and maintains libraries of technical books and films at headquarters and the districts to aid in the dissemination of useful information. This Division also administers the Housing Loan Fund program which was transferred from Resources and Development in FY 1971.

In FY 1972, the objective of the Community Development program will be to continue to improve Micronesian living at the individual, group, and community levels. This Division will continue to perform a variety of technical and educational services for the various communities, organizing youth clubs for guidance and recreation to control the rising level of juvenile delinquency, demonstrating improved mechanical devices, such as manually operated washing machines and economical water storage systems, and teaching home economics in such areas as sewing, soap making, family budgeting and nutrition.

The manning level for FY 1972 remains the same as FY 1971.

Staffing:	FY 1971	FY 1972
	7 U.S. Civil Service	7 U.S. Civil Service
	43 Micronesians	43 Micronesians

The increase of $26,000 includes $20,600 for fully funding 3 U.S. positions which were partially lapsed in FY 1971, $6,100 for a salary increase for Micronesian employees, and $8,200 for within grade increments for U.S. and Micronesian ongoing positions. These increases are partially offset by decreases of $4,500 in travel and $4,400 in other object classes.

g. Grant-in-Aid:

FY 1971 $308,000, FY 1972 $485,000: Increase $177,000

A total of $485,000 is required for the Grant-in-Aid Program in FY 1972, an increase of $177,000 over FY 1971.

The Grant-in-Aid Program, directed by local Community Development officers, assists Micronesian communities, usually remote or outer-island villages, in developing self-help projects. These projects, initiated by the Micronesian communities which contribute labor, cash, local materials and land, have produced tangible and satisfying results. Projects include schools, dispensaries, copra boats, sailing canoes, roads, bridges, sea-walls, water supply systems, copra warehouses, small generators for electrification of small industries, community centers, ice machines, municipal offices and visitors' dormitories. This program has proved to be very successful since it was established in 1967. In FY 1969, all available funds were utilized in making 49 grants, in which the Government share was $244,000, the villages share in cash was $75,000, and the villages share "in kind" was valued at $93,000. In 1970, 30 grants were made in which the Government share was $160,000, and the communities share in cash and/or in kind was valued at $139,000. It is anticipated that even greater demands for grant-in-aid assistance will be made during FY 1972. Funds requested for grants in FY 1972 will increase by $160,400 to a total of $409,200.

In FY 1972, 12 new Micronesian Assistant Grant-in-Aid Administrators will be added to the Grant-in-Aid staff: 11 in the districts to assist in managing the

increased number and complexity of grant-in-aid projects, and 1 in Headquarters to help process the increased number of grant-in-aid applications. There will be no U.S. staff increase in FY 1972.

Staffing:	FY 1971	FY 1972
	1 U.S. Civil Service	1 U.S. Civil Service
	10 Micronesians	22 Micronesians

The increase of $177,000 includes $160,400 for grants, $2,500 for a salary increase for Micronesian employees, $20,300 for the 12 new Micronesian positions, and $3,200 for normal within grade increments for the ongoing U.S. and Micronesian staff. These increases are partially offset by a decrease of $9,400, the FY 1971 cost of temporary positions not required in FY 1972.

h. Housing Loan Fund:

FY 1971 $500,000, FY 1972 $300,000: Decrease $200,000

A total of $300,000 is requested for the Housing Loan Fund Program in FY 1972, a decrease of $200,000 from FY 1971.

The Low Cost Housing Loan Fund Program, administered by the Community Development Division, is designed to furnish a modest number of low cost private dwellings and to demonstrate the most economical ways that Micronesians can deal with their housing problems by using local materials, improved designs, and self-help group efforts. These loan funds will be used within a comprehensive housing development program, utilizing Peace Corps architects, United Nations technical assistance for training housing management personnel, and encouraging cooperative efforts and family savings programs. Construction skills training will also be conducted in cooperation with existing vocational education programs. Local district tax revenues are currently being appropriated to match Trust Territory Government financial and technical aid in this new program.

The $300,000 requested in FY 1972 as a second increment for this program will permit the financing of approximately 75 more low cost private dwellings. These houses will be specifically designed to demonstrate the concept of low cost housing.

i. Congress of Micronesia - Elections:

FY 1971 $16,000, FY 1972 $10,000: Decrease $6,000

A total of $10,000 is required in FY 1972 for elections to the Congress of Micronesia, a decrease of $6,000 from FY 1971.

The Secretarial Order No. 2918 which created the Congress of Micronesia stated that elections would be held biennially in each even-numbered year on the first Tuesday following the first Monday in November. While there will be no general election in FY 1972, funds must be provided for the conduct of any special elections which may be held during the fiscal year to fill unforeseen vacancies which may arise.

The decrease of $6,000 is possible because FY 1972 will have no general election, only such special elections as may be required.

j. Congress of Micronesia - Operations:

FY 1971 $116,000, FY 1972 $125,000: Increase $9,000

A total of $125,000 is required for Congress of Micronesia - Operations in FY 1972, an increase of $9,000 over FY 1971.

Previously, under the Secretary of Interior's Order No. 2918 dated December 27, 1968, this item was for the full annual salaries of the thirty-three Members of the Congress of Micronesia.

Amendment No. 1 to Order No. 2918 dated August 13, 1970, provided for funding $125,000 from Federal grants in Fiscal Years 1971 and 1972 for operation and expenses of the Congress of Micronesia. Under the Secretarial Order, as Amended, in succeeding fiscal years, the Congress of Micronesia may request continuing or additional funds for its operations and expenses.

All legislative expenses, including compensation of members, in excess of $125,000 per year will be financed through appropriations by the Congress of Micronesia in FY 1971 and 1972.

4. Resources and Development: FY 1971 $4,022,000, FY 1972 $4,881,000: Increase $859,000. The increase consists of:

	Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	$ +71,600	...	...	...	To finance a salary increase for Micronesian employees.
(2)	+98,200	...	...	...	Normal salary increments for the 62 U.S. and 559 Micronesian ongoing staff.
(3)	+67,900	+3 U.S. +13 Micro	...	18 U.S. 284 Micro	To increase the productivity of existing subsistence and commercial agricultural programs in the Territory.
(4)	+61,900	+1 U.S. +3 Micro	...	9 U.S. 34 Micro	To upgrade and strengthen the fisheries programs and eradicate the starfish menace.
(5)	+16,700	+6 Micro	...	2 U.S. 8 Micro	To establish employment offices in each district.
(6)	-27,400	+1 U.S. +14 Micro	...	24 U.S. 221 Micro	Decreased use of outside contractual services for Boundary Definition in Lands and Surveys, only slightly offset by strengthening in-house staff.
(7)	-29,900	...	...	14 U.S. 48 Micro	Decreased use of contractors as business advisors and reduced requirement for non-recurring supplies and equipment.
(8)	+600,000	...	$ 600,000	...	Increment to Economic Development Loan Fund.
	$+859,000	+5 U.S. +36 Micro	$4,881,000	67 U.S. 595 Micro	

Cost Factors Involved in Increases

(1) The cost of the proposed salary increase for Micronesian employees, $71,600. This is calculated on the basis of 4% for 96 employees earning $3,000 or above per annum and 6% for 499 employees earning below $3,000 per annum.

(2) Normal salary increments for the 62 U.S. and 559 Micronesian ongoing staff, $98,200.

(3) Three U.S. and 13 Micronesian positions, $80,400: U.S. positions are Forestry Officer, Plant Pathologist, and Vegetable Crop Specialist. Micronesian positions are one in Headquarters office, three in Conservation

program in Palau, and nine in General Services programs (six in the Marianas, two in Ponape, and one in the Marshalls). Other cost factors are increased supplies and materials $31,500; other minor increases $6,000; decreases in travel $19,900; other services $3,800; and equipment $26,300.

(4) One U.S. and three Micronesian positions, $22,400: the U.S. position is Fisheries Specialist for Ponape; Micronesian positions are Assistant Mechanic and Fisherman in Truk, and Administrative Clerk in Ponape. Other cost factors: travel $8,100; rent and communications $3,300; printing and other services $700; supplies and equipment $27,400.

(5) Six Micronesian positions $15,000: one Employment Officer in each district; travel increases $3,100; supplies and equipment decrease $1,400.

(6) One U.S. and 14 Micronesian positions $46,100, WAE employment $45,000; U.S. position is District Surveyor in Yap; Micronesian positions are in Headquarters (3), Yap (3), Ponape (4), Marshalls (3), and Truk (1), with WAE labor in all districts assisting the survey crews; minor increases in other object classes $5,200; reductions in other contractual services $98,000 and in equipment $25,700.

(7) Other services $-10,300; travel $-9,700; supplies and equipment $-15,900; partially offset by increases in printing and rents, $6,000.

(8) Funds added to Economic Development Loan Fund to provide a further stimulus to economic development, $600.000

Need for Increase:

(1) Salary increase for Micronesian employees, $71,600: An increase in pay scales for Micronesian employees is proposed in line with recent increases in U.S. civil service salaries and changing conditions in the Micronesian economy. The cost is $71,600 for the 595 positions requested for this activity.

(2) Normal salary increments for ongoing staff, $98,200: Normal within grade increases must be awarded except in cases of unsatisfactory performance and selected promotions must be made. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth in lower grade and beginning increments will not be evident for some years to come. An increase of $98,200 is requested to meet these increased pay costs.

(3) To increase the productivity of existing subsistence and commercial agricultural programs in the Territory, $67,900: The agricultural potential for Micronesia has been estimated to be as high as $26 million per year, more than twice the current level. To achieve this potential, Governmental assistance is required in capital, management, and technology. Markets are known to exist in Guam, Japan, and the United States for far more than Micronesia can produce under present conditions. Enough rice can be grown to supply half the domestic demand. The increase requested will allow both subsistence and commercial agriculture to be advanced by the employment of three U.S. and 13 Micronesians to provide supervision and technical assistance to agricultural producers.

(4) To upgrade and strengthen the fisheries programs and eradicate the starfish menace, $61,900: The greatest potential for economic development in Micronesia lies in the ocean surrounding it. The Marine Resources division is responsible for developing a means to exploit this wealth of the sea and to eradicate the starfish which is destroying the coral reefs, endangering both the food supply of the islanders and the tourist potential existing in swimming and snorkeling in natural tropical aquaria. The requested increase in staffing will contribute to the achievement of the goals of this program.

(5) To establish employment offices in each district, $16,700: The Labor Division was established in FY 1970 at the request of the Congress of Micronesia, for the protection of the Micronesian worker. To date it has functioned only as a headquarters office. Funds are now requested to expand this program and permit opening one-man offices in all districts.

(6) Decreased use of outside contractual services for Boundary Definition in Lands and Surveys, $-27,400: The reduction indicated here reflects a reduction in the use of surveying teams provided by another Government agency and in non-recurring equipment purchases, as only partially offset by a slight strengthening of in-house staff.

(7) Decreased use of contractors as business advisors and reduced requirement for non-recurring supplies and equipment, $-29,900: The economic development of Micronesia can be stimulated and encouraged by providing business advice to aspiring businessmen. This advisory service has been provided in part in the past by contract with outside organizations. Staff added to the Economic Development Division in FY 1971 has reduced the need for contracting for these services as well as reducing travel requirements. Purchase of non-recurring supplies and equipment also shows a decrease.

(8) Increment to Economic Development Loan Fund, $600,000: The Economic Development Loan Fund, established in FY 1963 and added to for several years, was exhausted at the end of FY 1970. Additional capital is required to maintain the operation of this loan program.

Activity	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
4. Resources and Development:			
a. Office of the Director	$ 61,000	$ 61,000	$ - 0 -
b. Agriculture	1,300,000	1,432,000	+132,000
c. Economic Development	546,000	534,000	-12,000
d. Economic Development Loan Fund	- 0 -	600,000	+600,000
e. Marine Resources	397,000	460,000	+63,000
f. Lands and Surveys	1,683,000	1,734,000	+51,000
g. Labor Division	35,000 1/	60,000	+25,000
Total	$4,022,000	$4,881,000	$+859,000

1/ The Labor Division is funded in FY 1971 with $35,000 unobligated carry-over from FY 1970 operations.

Under the general supervision of the Director of Resources and Development, this organizational element of the Trust Territory Government is responsible for the development, conservation and management of the Trust Territory's natural resources, and is composed of the divisions of Agriculture, Economic Development, Marine Resources, Lands and Surveys, and Labor.

a. Office of the Director:

FY 1971 $61,000, FY 1972 $61,000: Increase $ - 0 -

The amount of $61,000 is required for the Office of the Director of the Resources and Development Department, the same amount required in FY 1971.

The Office of the Director is responsible for providing policy guidance and supervision to the divisions under his control and for serving as the advisor to the High Commissioner on all matters concerning the economic development of Micronesia.

In FY 1972, staffing remains at the level of FY 1971, with one U.S. position, the Director, and three Micronesian positions, a Deputy Director, a Secretary, and a Clerk.

Staffing:	FY 1971	FY 1972
	1 U.S. Civil Service	1 U.S. Civil Service
	3 Micronesians	3 Micronesians

There is no change in funding. An increase of $2,800 in personnel compensation ($600 for a Micronesian salary increase and $2,200 for within grade increments for ongoing U.S. and Micronesian positions) is fully offset by minor reductions in travel and other object codes.

b. Agriculture:

FY 1971 $1,300,000, FY 1972 $1,432,000: Increase $132,000

A total of $1,432,000 is required in FY 1972 for the Agriculture program, an increase of $132,000 over FY 1971.

The major source of food for the Micronesians comes from subsistence farming; this means the growing and harvesting of taro, bananas, coconuts, breadfruit, various other root and tuber crops, vegetables and fruits. A beginning has been made in commercial agriculture production the past fiscal year and this will be accelerated during the coming year to take advantage of producing those crops suitable and adaptable to the various islands. For example, the Trust Territory has sufficient and suitable land area to produce nearly half its domestic rice needs and all of its vegetables and meat products. In addition to supplying domestic food needs, commercial agriculture will exploit the production of those crops for which there appears to be an economic potential for export to Guam (meat and vegetables), Japan (copra and cacao), and to the United States (black pepper).

Funds required in FY 1972 include $152,700 for program management, $852,800 for technical services, and $426,500 for Special Projects. Program Management includes the customary functions of administration and policy direction, planning and analysis, program and budget, technical direction and advisory service, and the execution of special agriculture training programs.

Technical Services include:

Extension Service, $270,000 (increase $30,000), provides 95 semi-trained Micronesian extension agents for on-the-farm advice.

Agriculture Stations, $310,000 (increase $20,000), one in each district and three in sub-districts for crop testing, demonstrations, plant material production and distribution of livestock and poultry breeding stock to farmers.

Forestry, $112,800 (increase $47,800). This activity conducts surveys of forestry potential existing on one-third of all the land in Micronesia, drafts legislation for forest reserves and park areas and conducts two training centers for project personnel and local people who are interested in forest production.

Other technical services, $160,000 (increase $15,000), include veterinary services such as cattle, hog and poultry health instruction as well as meat inspection; entomology and conservation, which administers the agricultural quarantine service and conservation policies and administers economic entomology programs; and plant pathology where, in a laboratory in Ponape, studies are conducted into the cause of plant diseases which threaten major food crops.

Special Projects include:

Coconut development in Truk, Yap, Ponape and the Marshalls and coconut combined with beetle control in Palau, $260,000 (increase $28,200). Coconut production requires the cleaning out of underbrush, thinning groves to an optimum of about seventy trees per acre, replanting senile groves, planting new areas, organization of copra producers cooperatives, developing warehousing and transport and the education and training of farmers in the new techniques of culture and marketing of copra. In Palau, the coconut rhinoceros beetle is a constant threat to the Territory-wide copra industry and its containment to Palau is mandatory. Its control requires the removal of logs, because when decayed they are breeding sites for the beetle.

Rice development in Ponape $60,500 (increase $2,500). This program will encourage the growing of sufficient rice to eventually satisfy half of the domestic needs. In FY 1972, an additional fifty acres of rice will be put into cultivation.

Animal industry in the Marianas, $76,100 (decrease $100). This activity operates and maintains 250 acres of grazing land, feed grass improvement areas, and beef, hog and poultry breeding stock. Its purpose is to demonstrate pasture improvement techniques and sell chicks, piglets, bulls and heifers to local farmers for upgrading their stock. It also operates a USDA-approved slaughterhouse for use by local stockmen.

Black pepper development in Ponape, $29,900 (decrease $100). One acre of demonstration garden is maintained at the agriculture station. Fifty thousand pepper vines have been established by local farmers. Continuous farmer training and education in pepper culture is maintained. Additional plantings will be encouraged with progressive and aggressive farmers.

In FY 1971, the Agriculture Division staff consists of 15 U.S. and 271 Micronesians. In FY 1972, 3 U.S. and 13 Micronesian positions will be added. The new U.S. positions are a staff Forestry Officer, a Plant Pathologist and a Vegetable Crop Specialist. The Specialist will organize the commercial Truck Garden Project in the Marianas where irrigation systems and supporting infrastructure are programmed. The new Micronesian positions are 4 in coconut rehabilitation and co-op organization and development, 6 in vegetable crop production and 3 in pest control, district agriculture station and administration.

Staffing:	FY 1971	FY 1972
	15 U.S. Civil Service	18 U.S. Civil Service
	271 Micronesians	284 Micronesians

The increase of $132,000 includes $59,300 for U.S. compensation to cover the additional positions, within grade increases and personnel benefits. Micronesian compensation increases $85,200 to cover new positions, Micronesian pay raise, planned promotions, within grade increases and benefits. Other increases are in recruitment, repatriation and home leave $4,500; supplies and materials $31,500 (fertilizer, pesticides, POL, tools, etc.); and $1,500 for grants, subsidies and contributions. Decreases are in travel $19,900; equipment $26,300 and other services $3,800.

c. Economic Development:

FY 1971 $546,000, FY 1972 $534,000: Decrease $12,000

A total of $534,000 is required for Economic Development in FY 1972, a decrease of $12,000 from FY 1971.

Micronesia is characterized by a dual economy, with aspects of the traditional subsistence economy existing side-by-side with an economy which enjoys ever-rising standards of consumption and services patterned after and approaching the levels of the United States. More than one-half of the 102,000 population live at or near the six district centers. Unemployment rates vary from about 4% in the Marianas to between 30-45% in the Marshalls, Ponape, Truk and Yap.

Present support for the economy in Micronesia comes almost totally from expenditures of U.S. grant funds by the Trust Territory Government. In FY 1970 total local tax revenues from all sources amounted to about $2.3 million.

Development opportunities for major tourist expansions and agricultural and fisheries production exist in the private sector. These could assist in the development of economic self-sufficiency if adequately stimulated. Any development effort, however, faces constraints in the areas of labor, physical infrastructure, lack of financial institutional services and restrictions on land ownership by non-Micronesians.

The Economic Development Division's objective is to promote accelerated economic growth at a rate above the current private sector resources and to initiate and lay the foundation for sustained growth to move the economy out of subsistence activities.

Tourism is the Territory's major growth industry. By 1975, accommodations and transportation permitting, it is estimated that the flow of tourists into the Territory will reach 274,000 annually bringing a potential of direct tourism expenditures of over $13 million a year. About 24,000 tourists entered the Territory in calendar year 1970. The aim of economic development is to play a direct role in developing resources which will make a major destination area for tourists of Micronesia and to manage the growth of the tourism industry to achieve balanced, orderly development and maximum social and economic benefits for the Micronesian people. The Division will continue to interest and assist entrepreneurs into entering into hotel/motel businesses and concomitant tourism enterprises such as charter fishing, specialty shops, and handicraft production and marketing. Staff effort, with the assistance of a tourism consultant, will be directed to developing and disseminating informative and descriptive material on Micronesia. The Territory will continue to work with the travel trade and through its membership in the Pacific Area Travel Association to promote travel to Micronesia. Assistance will be given to district tourist organizations and coordination of their activities will be carried on to benefit the entire Territory.

At the present time, technical assistance of a business management nature is limited. Assistance through the Small Business Administration, credit union and cooperative international organizations will enable technical assistance efforts to be expanded and additional firms to be assisted on an individual basis. There are in the Territory an estimated 400 enterprises and 40 credit unions with a potential for growth and expansion. These businesses need competent management and accounting assistance. Managers need to have a better understanding of modern management techniques. They need to gain a better grasp of when and when not to extend credit, what over-extension means, proper inventory control, record keeping, supply and demand. Good marketing and accounting practices need to be introduced at the district level by competent business advisory personnel.

Analysis of foreign investment proposals will continue in FY 1972 and an estimated 15 U.S. firms will be granted permission to do business in Micronesia.

In FY 1972, the staff of the Economic Development Division will consist of 13 U.S. and 45 Micronesian positions, showing no increase over FY 1971 levels.

Staffing:	FY 1971	FY 1972
	13 U.S. Civil Service	13 U.S. Civil Service
	45 Micronesians	45 Micronesians

The decrease of $12,000 combines increases of $15,100 in U.S. and Micronesian personal services for a Micronesian pay raise, salary increments, planned promotions, and benefits; $1,400 in rents; and $4,300 for printing; more than offset by decreases of $9,300 for travel; $10,300 for other services; $6,000 for supplies and materials; and $7,200 for equipment.

d. Economic Development Loan Fund:

FY 1971 $ - 0 -, FY 1972 $600,000: Increase $600,000

An increase of $600,000 is requested to provide additional capital for the Economic Development Loan Fund in FY 1972.

Although the Economic Development Loan Fund was established in 1963, the Trust Territory Government has been lending to private enterprises for twelve years. In 1956, a revolving fund was made available by the U.S. Congress for loans to locally-owned trading companies. This revolving fund continued to August 1964, when U.S. Public Law 487 transferred $368,000 in the fund to a Trust Territory Economic Development Loan Fund. The Fund has since been supplemented by three annual appropriations of $100,000 each; $250,000 in FY 1968 and $150,000 in FY 1970. No appropriation was requested in FY 1971 and the fund was exhausted at the end of FY 1970.

Because of the importance of this source of capital to the economic development of the Trust Territory, new capital of $600,000 is proposed for FY 1972 within this budget.

The Economic Development Loan Fund has been a useful instrument for stimulating private enterprise development throughout Micronesia. The main purpose of the Fund is to provide credit for production and commercial enterprises which will contribute to economic development in Micronesia. High risk loans have been granted by the Fund based on the economic desirability of the project and a reasonable expectation that the project can be successful.

The Fund is not intended to compete with other institutions extending credit, but will provide financial assistance for economic development in cases where credit is not available elsewhere on reasonable terms and conditions. Financial assistance is given in two forms: by direct loans from the Fund's own resources; and by giving the Fund's guarantee to loans extended by banks. The prevailing interest rate on direct loans is 5% per annum, while the banks have charged from 1/2% above prime rate, and higher, on loans granted them with the Fund's guarantee.

The $600,000 requested for FY 1972 will assist in meeting increasing demands of the Territory's tourist industry. An estimated $200,000 in the form of direct and guaranteed loans will be for new hotel and motel construction and to expand existing facilities and for tourist-related "service type" business enterprises, i.e., boat and car rentals, sport fishing, handicrafts, etc. An estimated $400,000 is needed to provide credit assistance to private businesses and cooperatives in establishing and improving production industries such as vegetable farms, poultry farms, piggeries, and for the purpose of expanding working capital, construction and expansion of working facilities. Economic development will be

directly stimulated as a result of increased local employment and tourist expenditures which have an immediate impact on the local economy.

e. Marine Resources:

FY 1971 $397,000, FY 1972 $460,000: Increase $63,000

A total of $460,000 is requested for Marine Resources in FY 1972, an increase of $63,000 over FY 1971.

The Marine Resources Division is responsible for developing and operating a Trust Territory-wide program in marine resources conservation (protection of species, suppression of illegal activities), commercial fisheries promotion and technical development (embracing both inshore and offshore fisheries), boat-building and drydocking (including commercial and sports craft), marine research and Crown-of-Thorns Starfish control.

The lagoons, reefs (total area in excess of 7,700 square miles vs. 700 square miles of land) and oceans of the Trust Territory are literally teeming with both commercially and scientifically exploitable resources. They are exploitable for food, research, tourist attractions, and recreation. They constitute what is commonly regarded by most Micronesians as the major natural resource of the entire area and the most important source of future economic development.

The offshore waters are the source of the world's largest undeveloped tuna resource. They are presently being harvested by foreign flag vessels that take as much as 35,000 tons of skipjack tuna and 50,000 tons of yellowfin tuna from the waters surrounding the islands of the Trust Territory annually. Experts have estimated that the skipjack resource is capable of supporting several hundred thousand tons of production annually when fully developed.

A major step was taken during 1970 to initiate the development of the tuna resource by gathering the Governors of Hawaii, American Samoa and Guam and the Trust Territory High Commissioner together to form the Pacific Islands Development Commission, the first objective of which will be the development of the offshore skipjack resources of the tropical Pacific.

Nothing is known of the life habits of the highly important bait fish despite the fact that the entire skipjack fishery of Palau, which lands up to 12 million pounds of fish annually,is based on the availability of this species. As an estimated 500,000 to 700,000 pounds of bait fish are harvested annually to catch the skipjack tuna, the importance of carrying out a study of this fish is readily apparent. In addition, such commercially important animals as tridacna clams, turtles, dugong, etc., are disappearing from many previously abundant locations in and around the islands. The restoration of commercially exploitable populations of decimated species, the location and size of bait fish schools, and the derivation of control levels appropriate to establishing maximum sustained yields requires the study and documentation of biological characteristics and migration patterns. A strong move forward in the development of applied marine research will be made through the Marine Laboratory.

Efforts will continue to conserve the inshore resources of the reefs and lagoons from destructive and illegal fishing activities by Micronesians as well as foreign nationals who encroach on the many uninhabited islands of the area. During 1970 Conservation Officers apprehended two foreign flag vessels with tons of meat from the giant clams, formerly common on most islands in the Trust

Territory. This species is now no longer available in Saipan, Tinian, Rota, Guam, Truk, Ponape and other islands and is rapidly disappearing in the Marshalls Islands and Palau. Fishing with explosives and poisons also continues in many areas killing off valuable reef fisheries and marine habitats. A recent kill by poison of 25 tons of fish near the main dock on the island of Moen served to highlight the seriousness of the situation. Eight Conservation Officers constitute the entire marine conservation control staff and these men are stationed in Truk and Palau where the problems are most serious.

Control programs for the Crown-of-Thorns Starfish will be continued. Prompt control actions have in all probability resulted in preventing a major build-up of animals, such as occurred in Guam, and thus the loss of many miles of living coral reefs. However, Saipan, Tinian and Rota, have been very seriously damaged as has Truk. The destruction of a number of "seed populations" numbering many thousands of animals in Palau has very probably prevented the destruction of some of the most beautiful reefs in the entire Pacific. Micronesian divers have been trained in all aspects of SCUBA diving and control work and are carrying out daily control work in each of the districts, with the exception of Yap where the population of the Crown-of-Thorns Starfish is normal.

Boatbuilding and drydocking operations were significantly upgraded during the past year by providing technically competent management and supervision. The growing demand for new construction of all types of boats from conventional wooden hulls to Ferro-Cement boats and molded glass hulls is requiring the expansion of construction activities as well as drydocking operations. New slipways are also required in other districts to handle the growing number of fishing vessels as well as the many other vessels being operated by the government and people of the islands. Only in Palau are there adequate slipways and trained personnel capable of servicing outboards, diesels, and wooden hulls. The lack of proper service facilities in the other districts has resulted in a high turn-over in boats being operated by the government as well as by the people of the islands due to the almost complete lack of adequate maintenance facilities. Efforts will be stepped up to offset this basic deficiency.

The above program requires the training of Micronesians for participation in the program, the education of the public about the programs, and the provision of the funds for the necessary supporting services, supplies, equipment, etc.

In FY 1971 the Marine Resources program included eight U.S. and 31 Micronesian positions. In FY 1972 one U.S. Fisheries Specialist will be recruited to establish an inshore fisheries program in Ponape. Three Micronesians will be added, an Assistant Mechanic and a Fisherman in Truk and an Administrative Clerk in Ponape.

Staffing:	FY 1971	FY 1972
	8 U.S. Civil Service	9 U.S. Civil Service
	31 Micronesians	34 Micronesians

The increase of $63,000 includes $23,500 for the new positions as well as normal salary increments and a Micronesian salary increase; $8,100 for travel; $3,300 for rent and communications; $1,000 for freight; $700 for printing and other services; $2,100 for supplies and materials; and $24,300 for equipment.

f. Lands and Surveys:

FY 1971 $1,683,000, FY 1972 $1,734,000: Increase $51,000

A total of $1,734,000 is required for Lands and Surveys in FY 1972, an increase of $51,000 over FY 1971.

The Division of Lands and Surveys performs a variety of public land management services for the Trust Territory Government and the people of Micronesia.

The 447,000 acres of land comprising the Trust Territory are fragmented into some 400,000 vari-size parcels (public lands excluded) on 2,141 islands scattered over 3,000,000 square miles of Western Pacific Ocean. About 60% of these lands are "public lands", but their boundaries are uncertain, plagued with contests and their characteristics have not been catalogued for development, disposal, or planning purposes. Of the thousands of private holdings, 868 parcels of land have been surveyed and monumented; preliminary inquiries have been held on 2,051 parcels; preliminary titles have been issued on 658 parcels; and, formal hearings have been held on 1,079 parcels as of December 31, 1970. Land rights, land ownership, use easements, special interest, reversionary rights, ownership and tenure history and title records are filed in fractured pieces in memory, tradition, and in Spanish, German, Japanese and American records in Micronesia, Europe, and Japan. It is true that some 1,250 surveys of record exist and some 2,000 titles have been researched, but an indeterminate number of these are disputed. Controversy is common.

The Micronesian Land Cadaster Program includes surveying and mapping, Land Commissions, microfilming and translations of records and land registries. This activity in Lands and Surveys is responsible for and in FY 1972 will continue with the surveying and monumenting of private land; operation of a central and six district land registries, issuing certificates of title; identifying and surveying all public lands; making public land more readily available for development purposes pursuant to established policy; and, coordinating and supporting the quasi-judicial Land Commissions established to resolve clouds and controversies and to make definitive determinations of title, boundaries, and registration.

The Division provides such administrative services as investigation of property damage claims; review of non-citizen leasing of public domain and private lands; acquisition of private land for public or military use (especially in relation to the Trust Territory Capital Improvement Program); negotiates with private owners for interests in land and right of entry for survey or exploratory purposes; property and engineering surveys to certain programs and to economic development projects; property surveys for the U.S. military and other U.S. Federal agencies; appraisal of public and private lands; and, administration of the Board of Land Surveying Examiners.

The Land Cadaster is vital to resolving the legal land problems of Micronesia and for laying the groundwork for a viable market in real estate. It must be continued at a funding no less than the initial $1,000,000 set by the FY 1970 Supplemental and indeed expanded as capacity to handle problems is gained. Accelerated economic growth, influx of foreign investors, enlargement of the government's capital improvement program and the pursuit of our trusteeship over public lands call for maintenance of the public land management program at the level imposed by these factors.

In FY 1972 the Land Resources Branch will continue to aid the Micronesian people in achieving the best possible use of their valuable but limited land base. The

programs are based on the belief that the use of land should be dictated by the capability of the land and the abundance of its resources in relation to the needs of the people.

The budgetary requirements for the achievement of these goals consist of providing trained professional staff with adequate Micronesian support. The requirements are shown below.

Staffing in FY 1972 consists of 24 U.S. and 221 Micronesian positions, an increase of one U.S. and 14 Micronesians over FY 1971 level. The U.S. position is a District Surveyor in the Yap District. The Micronesian positions are required at Headquarters (3), Yap (3), Ponape (4), Marshalls (3), and Truk (1).

Staffing:	FY 1971	FY 1972
	23 U.S. Civil Service	24 U.S. Civil Service
	207 Micronesians	221 Micronesians

The increase of $51,000 includes $34,500 in U.S. personnel compensation for the one new position (including recruitment cost) and normal within grade increments for the ongoing staff; $136,500 in Micronesian personnel compensation ($27,800 for a Micronesian salary increase, $30,700 for the 14 new positions, $33,000 for normal salary increments for ongoing positions, and $45,000 for pay of temporary workers assisting survey crews); $3,700 for a minor increase in other object codes; partially offset by decreases in non-recurring equipment requirements of $25,700 and other contractual services of $98,000.

g. Labor Division:

FY 1971 $35,000, FY 1972 $60,000: Increase $25,000

The amount of $60,000 is required for Labor Division in FY 1972, an increase of $25,000 over FY 1971.

The Labor Division was established to fulfill a function defined in Congress of Micronesia Public Law No. 3C-44, entitled the Protection of Resident Workers Act. The law describes a complete program for employment services, training, manpower development and surveys, pay scales and employment contracts. The purpose of this program is to insure the full utilization of the Micronesian labor force before the importation of foreign labor is permitted and see that foreign laborers leave the Trust Territory upon completion of their contracts. The regulation and control of entry of non-resident workers requires a constant review of all Micronesian citizen work forces in all six districts.

To carry out the provisions of the law the Labor Division was established in FY 1970. In FY 1971 this office is staffed with an Employment Officer, an Administrative Assistant, a Secretary, and a Micronesian Trainee. In FY 1972 a Micronesian Employment Services Officer will be appointed in each district. Training of the district employees will be performed by the headquarters staff before the establishing of employment offices in all districts.

Staffing:	FY 1971	FY 1972
	2 U.S. Civil Service	2 U.S. Civil Service
	2 Micronesians	8 Micronesians

The increase of $25,000 consists of $8,100 in U.S. personal services and benefits which provides for full funding of positions partially lapsed in FY 1971; $15,200 in Micronesian personal services and benefits which includes the salaries of six new positions, a Micronesian pay raise, and salary increments for ongoing positions; $3,100 for travel, partially offset by reductions in supplies and equipment of $1,400.

5. Protection to Persons and Property: FY 1971 $1,620,000, FY 1972 $1,756,000: Increase $136,000. The increase consists of:

	Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	$ +44,400	...	...	...	To finance a salary increase for Micronesian employees.
(2)	+56,500	...	...	...	Normal salary increments for the 21 U.S. and 319 Micronesian ongoing staff.
(3)	+27,100	+1 U.S.	...	15 U.S. 18 Micro	To strengthen the staff of the Office of the Attorney General.
(4)	+16,200	+7 Micro	...	49 Micro	To improve Judicial and support services staffing of Local Judiciary.
(5)	-8,200	...	...	7 U.S. 259 Micro	Decrease in equipment for Public Safety partially offset by increases in supplies, other services and travel. This item absorbs minor differences in Immigration and Public Defender.
	$+136,000	+1 U.S. +7 Micro	$1,756,000	22 U.S. 326 Micro	

Cost Factors Involved in Increases

(1) Cost of proposed salary increase for Micronesian employees, $44,400. This is calculated on the basis of 4% for 58 employees earning $3,000 or more per annum and 6% for 268 employees earning below $3,000 per annum.

(2) Annual salary increments for 21 U.S. and 319 Micronesian ongoing positions, $56,500.

(3) One U.S. position $18,200, travel $3,600, printing $4,600, other minor changes $700.

(4) Seven Micronesian positions $14,100, supplies and equipment $2,100.

(5) Decrease in Public Safety in equipment $65,300; partially offset by increases in supplies and other services $55,500, travel $1,500, and other object codes $100.

Need for Increase:

(1) Salary increase for Micronesian employees, $44,400: An increase in pay scales for Micronesian employees is proposed in line with recent increases in U.S. civil service salaries and changing conditions in the Micronesian economy. The cost is $44,400 for the 326 positions requested for this activity in FY 1972.

(2) Normal salary increments for ongoing staff, $56,500: Normal within grade increases must be awarded except in cases of unsatisfactory performance and selected promotions must be made. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth in lower grade and beginning increments will not be evident for some years to come. An increase of $56,500 is requested to meet these increased pay costs.

(3) To strengthen the staff of the Office of the Attorney General, $27,100: With the increased sophistication of the Micronesian people, it becomes more important to have qualified legal representatives in each district. The additional District Attorney in Yap will provide U.S. Government Attorneys in all districts except Ponape and Truk. (The District Attorney in Truk will continue to serve both districts.)

(4) Improve Judicial and support services in Local Judiciary, $16,200: Roughly 97% of the court cases occurring in the Trust Territory are settled in District and Community Courts. This is where the Micronesian people see the judicial process in action. This increase will provide additional judiciary staff as well as improve the image of the court system through staffing for proper maintenance and custodial services in our new or improved court facilities.

(5) Decrease in equipment for Public Safety partially offset by increases in other items, $-8,200: Heavy purchases of equipment in the past two years have made it possible to reduce our annual requirement. Emphasis will now be on training and supplying our staff with the materials necessary to carry out its functions. Minor increases and decreases in Immigration and Public Defender balance out and are included in this item.

58-180 O - 71 - pt. 1 --54

Activity	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
5. Protection to Persons and Property:			
a. Office of the Attorney General	$ 344,000	$ 388,000	$ +44,000
b. Immigration	83,000	91,000	+8,000
c. Public Safety	894,000	936,000	+42,000
d. Public Defender	135,000	147,000	+12,000
e. Local Judiciary	164,000	194,000	+30,000
Total	$1,620,000	$1,756,000	$+136,000

a. Office of the Attorney General:

FY 1971 $344,000, FY 1972 $388,000: Increase $44,000

A total of $388,000 is required for the Office of the Attorney General in FY 1972, an increase of $44,000 over FY 1971

Under the direction of the Attorney General, the Office of the Attorney General is composed of the following activities: the District Attorney's Office, Immigration Office, Contract Administration, and Public Safety. The Attorney General's Office provides legal services and renders legal opinions where requested by the High Commissioner or members of his staff, represents the Government in all litigation in which the Government is a party or has any interest, including the prosecution of all criminal cases, and is generally responsible for carrying out the legal and law enforcement programs in the Trust Territory. It also has the responsibility for the overall supervision and administration of the Trust Territory Government contracts.

Present U.S. staff includes the Attorney General and a Deputy, a Contract Administrator, a Claims Officer, a District Attorney (who acts as a supervisor over the other District Attorneys and serves the Marianas District), two General Attorneys, and four Secretaries at Headquarters, with District Attorneys stationed at Truk (serving Ponape as well as Truk), Palau (serving Yap as well as Palau), and the Marshalls. Micronesian staff includes two General Attorneys and two Clerk Typists at Headquarters, a District Prosecutor and Assistant in each district, with Secretaries in two districts. In FY 1972 one District Attorney will be recruited to serve in Yap, thus freeing the Palau District Attorney for full-time duty in Palau.

Staffing:	FY 1971	FY 1972
	14 U.S. Civil Service	15 U.S. Civil Service
	18 Micronesians	18 Micronesians

The increase of $44,000 includes $28,500 for the one new U.S. position and within grade increments for 14 ongoing U.S. positions. An additional $6,600 increase is needed to cover a salary increase of $3,000 for Micronesian positions and $3,600 for within grade increases and selected promotions. Other increases are travel and recruitment, $3,600; printing $4,600; other services and supplies, $6,500. These increases are partially offset by a decrease of $5,800 in equipment.

b. Immigration:

FY 1971 $83,000, FY 1972 $91,000: Increase $8,000

A total of $91,000 is required for Immigration in FY 1972, an increase of $8,000 over FY 1971.

Under the direction of the Attorney General, the Immigration Office administers and controls the entrance and departure of persons into and out of and exercises surveillance over foreigners in the Trust Territory. Rules and regulations are established and promulgated for instructions and execution thereof by personnel at Headquarters and throughout the six District Immigration Offices. Applications for entry are processed and permits issued for persons, aircraft and vessels in accordance with regulations. The Immigration Office is also responsible for applications and issuance of Trust Territory passports.

This office anticipates a substantial increase in the number of persons making application to enter the Trust Territory for purposes of tourism, business, employment, etc. The expansion of tourism has substantially increased in recent years. Approximately 24,000 tourists entered the Trust Territory in calendar year 1970, with projections going as high as 274,000 in 1975. The correspondence load is also increasing substantially and daily radio contacts with foreign vessels transitting or stopping within the vast area of the Trust Territory are necessary. In FY 1972, emphasis will continue to be placed upon training personnel required for this activity to cope with its increasing workload.

The manning level for FY 1972 will remain the same as FY 1971.

Staffing:	FY 1971	FY 1972
	1 U.S. Civil Service	1 U.S. Civil Service
	19 Micronesians	19 Micronesians

The increase of $8,000 includes $4,500 for normal within grade increments and related personnel benefits for ongoing staff; $2,400 for a salary increase for Micronesian employees; and $1,100 in other object codes.

c. Public Safety:

FY 1971 $894,000, FY 1972 $936,000: Increase $42,000

A total of $936,000 is required in FY 1972 for Public Safety, an increase of $42,000 over FY 1971.

Under the general direction of the Attorney General, the Division of Public Safety is responsible for law enforcement, fire fighting and operation of jails throughout the Trust Territory. The rise in juvenile delinquency and the influx of foreign tourists into the Territory require a well equipped and qualified force to combat crime and provide protection at all times. With the FY 1970 Supplemental, Public Safety first began to get needed equipment and training. This program is continuing in FY 1971, adding police vehicles, boats and emergency communications equipment.

In FY 1972, less will be needed for the procurement of new equipment, but more will be needed for equipment maintenance and training. The Division will continue training its forces at all levels in order to provide the Territory with qualified and competent law enforcement officials. Qualified instructors will be brought from wherever it is necessary to conduct training classes in different parts of the Trust Territory. There will be training for recruits, training at an intermediate level, training for supervisory and administrative officers, and training in specialities such as identification, investigation, traffic and narcotics.

Staffing in FY 1972 remains the same as in FY 1971.

Staffing:	FY 1971	FY 1972
	2 U.S. Civil Service	2 U.S. Civil Service
	224 Micronesians	224 Micronesians

The $42,000 increase includes $29,900 for a proposed Micronesian salary increase; $20,400 for within grade increases of ongoing positions; $57,000 for contractual services and supporting supplies and materials in connection with the training program. These increases are partially offset by a decrease of $65,300 in non-recurring equipment requirements.

d. Public Defender:

FY 1971 $135,000, FY 1972 $147,000: Increase $12,000

A total of $147,000 is required in FY 1972 for the Office of the Public Defender, an increase of $12,000 over FY 1971.

The Public Defender administers and supervises the operation of the Public Defender system; provides legal counsel to any person who requires defense in civil or criminal court proceedings; represents persons involved in civil actions where the Government is an adverse party; conducts training programs for Public Defender's Representatives; develops and submits to the Office of the High Commissioner basic operating programs and procedures; and advises and assists Trial Assistants. In each of the six districts, there are one or more Public Defender's Representatives who are responsible for operating the district office of the Public Defender; investigating and recording facts surrounding each case under their cognizance occurring in their district; advising clients regarding their rights in law; preparing briefs of evidence presented in lower courts; and acting as interpreter or translator. This office is also responsible for preparing petitions for pardons or paroles as required by law.

In FY 1972, major emphasis will be on improving the Public Defender system; continue providing technical guidance and assistance to Public Defender's Representatives and Trial Assistants in all six districts.

The manning level for FY 1972 remains the same as FY 1971.

Staffing:	FY 1971	FY 1972
	4 U.S. Civil Service	4 U.S. Civil Service
	16 Micronesians	16 Micronesians

The $12,000 increase includes $2,100 for a salary increase for Micronesian employees and $10,900 for normal within grade increments for ongoing U.S. and Micronesian staff and full funding a U.S. position lapsed part of FY 1971; partially offset by a reduction of $1,000 in equipment.

e. Local Judiciary:

FY 1971 $164,000, FY 1972 $194,000: Increase $30,000

A total of $194,000 is required for the Local Judiciary in FY 1972, an increase of $30,000 over FY 1971.

The Local Judiciary, composed of six District Courts and one hundred eleven Community Courts, is administered overall by the High Court Justices and directly by the Micronesian Presiding Judge in each district. All of these courts are staffed entirely by Micronesians, exclusive of the judges of the Kwajalein Community Court, who serve without extra compensation for their judicial duties at the U.S. Army's Kwajalein Test Site. Each District Court has original jurisdiction in all civil cases where the amount or value of the property involved does not exceed $1,000, except admiralty and maritime matters and the adjudication of title to land or any interest therein (other than the right to immediate possession), and in all criminal cases where the maximum punishment which may be imposed does not exceed a fine of $2,000 or imprisonment for 5 years, or both. Each Community Court has original jurisdiction in all civil cases where the amount claimed or value of the property involved does not exceed $100, except admiralty and maritime matters and the adjudication of title to land or any interest therein (other than the right to immediate possession), and in all criminal cases where the maximum punishment which may be imposed does not exceed a fine of $100 or imprisonment for 6 months, or both. The District and Community Courts are staffed entirely by Micronesians with the only U.S. involvement being assistance and supervision from the High Court staff.

The overall goal of these courts will continue to be the just and prompt hearing of cases within their jurisdiction. In addition, these courts will continue to serve as a valuable training ground for Micronesians to move to increasingly responsible positions in the judicial and legal fields.

Seven new positions will be added in FY 1972. A District Court Judge for the Marshalls and a Probation Officer for the Marianas are required to share the heavy workload. Five new positions are required to provide proper operation, maintenance, and custodial services in our new and improved court facilities. Total staff for FY 1972 will be 49 Micronesians.

Staffing:	FY 1971	FY 1972
	No U.S. Personnel	No U.S. Personnel
	42 Micronesians	49 Micronesians

The $30,000 increase includes $7,000 for a salary increase for the Micronesian employees; $14,100 for seven additional positions; $6,800 for normal within grade increments for ongoing staff; and $2,100 for additional office supplies and equipment.

6. Administration: FY 1971 $3,933,482, FY 1972 $4,248,000: Increase $314,518. The increase consists of:

	Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	$ +66,200	...	...	...	To finance a salary increase for Micronesian employees.
(2)	+94,800	...	...	...	Normal salary increments for 99 U.S. and 462 Micronesian ongoing staff.
(3)	+71,200	... +20 Micro	...	21 U.S. 117 Micro	To provide staffing in various District Administrators' offices and to establish subdistrict offices in Jaluit atoll (Marshalls) and Faichuk (Truk) to strengthen Administration's policy on decentralization.
(4)	+34,600	+1 U.S. +6 Micro	...	7 U.S. 18 Micro	To strengthen staffing of Automatic Data Processing Division to meet requirements of new applications in areas of Personnel Information, Financial Management and Supply Management.
(5)	+35,100	+1 U.S. +2 Micro	...	3 U.S. 5 Micro	To provide staffing in Internal Audit Office and supporting travel and related costs to permit doubling audit coverage in the Districts.
(6)	+4,618	-5 U.S. +16 Micro	...	70 U.S. 366 Micro	Minor increase in costs in other Administrative program areas (Administrative Services, Office of the Director of Finance, Finance and Accounting, Procurement and Supply, Personnel, and Program and Budget) with slight upgrading Micronesian staff in Procurement and Supply and Personnel, and slight reduction U.S. professional and clerical staff.
(7)	+8,000	...	$ 263,000	...	To meet increased personnel benefit costs.
	$+314,518	-3 U.S. +44 Micro	$4,248,000	101 U.S. 506 Micro	

Cost Factors Involved in Increases

(1) Cost of proposed salary increase for Micronesian employees, $66,200, calculated on the basis of 4% for 133 employees earning $3,000 or above per annum, and 6% for 373 employees earning less than $3,000 per annum.

(2) Normal salary increments for the 99 U.S. and 462 Micronesian ongoing staff, $94,800.

(3) Personnel compensation costs of 20 additional Micronesian staff for District Administrators' Offices Marianas, Yap, Truk and Marshalls, $63,100; and minor increase, primarily in supplies and equipment, for new sub-district offices, $8,100.

(4) Personnel costs of 1 additional U.S. systems analyst and 6 new Micronesian positions for Automatic Data Processing Division, $27,100; full year funding higher rental costs IBM 360/25 disk and tape system computer, $23,000; partially offset by reduced requirements for training and other travel, $-6,200; supplies, $-9,000; other object code items, $-300.

(5) Personnel costs of 1 additional U.S. auditor and 2 new Micronesian staff (1 auditor and 1 clerk typist), $25,200; added recruitment and travel to districts costs, $6,700; supplies and equipment to support new staffing, $2,000; and minor increase other object codes, $1,200.

(6) Personnel costs of 16 new Micronesian staff (9 for Procurement and Supply and 7 for Personnel), $39,800; full funding 3 accounting positions partially lapsed in FY 1971, $23,100; increased printing of materials for districts, $4,400; minor overall increase in certain other object codes, (primarily contractual services), $12,300; partially offset by decreases in U.S. personnel costs from abolishing 5 U.S. positions (3 clerks, 1 accountant, and 1 procurement officer), $-46,700; recruitment and business travel, $-26,000; and supplies and equipment, $-2,282.

(7) Higher gross total of personnel compensation for U.S. and Micronesians resulting in higher Workmen's Compensation, $3,000; and larger number of Micronesians eligible for Social Security Benefits and Death Benefits, $5,000.

Need for Increase:

(1) Salary increase for Micronesian employees, $66,200: An increase in pay scales for Micronesian employees is proposed in line with recent increases in U.S. civil service salaries and changing conditions in the Micronesian economy. The cost is $66,200 for the 506 positions requested for this activity in FY 1972.

(2) Normal salary increments for ongoing staff, $94,800: Normal within grade promotions must be awarded except in cases of unsatisfactory performance and selected promotions must be made. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth in lower grade and in increments will not be evident for some years to come. An increase of $94,800 is requested to meet these increased pay costs.

(3) To provide staffing in various District Administrators' offices and to establish sub-district offices in Jaluit atoll (Marshalls) and Faichuk (Truk) to strengthen Administration's policy on decentralization, $71,200: The locale of decision-making within the Trust Territory is being increasingly decentralized to the District level to place administrative responsibility at the local level, closer to the actual situation and problem, and to secure maximum involvement of the Micronesian people in program planning and management. In line with this objective, additional Micronesian support staff are needed: 5 for Marianas (2 for District Headquarters, 2 for Rota, and 1 for Tinian); 3 for Yap; 2 for Truk (Distad Representative and 1 clerk for sub-district office Faichuk); and 10 for Marshalls (1 for Ebeye and 9 for the new sub-district office Jaluit, including a Distad Representative to head that office). An increase of $71,200 is requested for this needed staffing.

(4) To strengthen staffing of Automatic Data Processing Division to meet requirements of new applications in areas of Personnel Information, Financial Management and Supply Management, $34,600: In late FY 1971 the present IBM 360/20 card system computer will be replaced by an IBM 360/25 disk and tape system computer. This equipment upgrading will permit new applications in the areas of Personnel Information, Financial Management, and Supply Management that will make it possible to furnish program managers more timely and accurate information on the status of their supply requisitions and their financial accounts. This data along with that generated from the establishing of a personnel data bank will be most useful for budgetary purposes throughout the Territory. The new applications require additions to the present staff (a U.S. systems analyst and 6 Micronesians: a programmer trainee, a console operator, 2 machine operators, a control section supervisor, and a control clerk). An increase of $34,600 is requested for this purpose.

(5) To provide staffing in Internal Audit Office to permit doubling audit coverage in the Districts, $35,100: Limited staff has prevented furnishing the Districts with adequate audit coverage. The addition of 2 Auditors (1 U.S. and 1 Micronesian) and 1 supporting clerk and funding for increased travel to the Districts will make it possible to provide an average of 15 man-weeks of audit coverage in each district in FY 1972, more than twice the 7 man-weeks estimated for FY 1971. An increase of $35,100 is requested for this purpose.

(6) Minor increase in costs in other Administrative program areas, $4,618: Activities included in this item are Administrative Services, Office of the Director of Finance, Finance and Accounting, Procurement and Supply, Personnel, and Program and Budget. Additional Micronesian staffing is needed in Procurement and Supply to cope with increased workload and in Personnel to improve district staffing and to enable decentralizing the position classification function to the district level. Three U.S. accounting positions partially lapsed in FY 1971 will require full funding in FY 1972. Savings result from the abolishment of 5 U.S. positions in FY 1972 (3 clerical, 1 accounting, and 1 procurement). The net effect of the above along with other minor shifts in requirements is an increase of $4,618.

(7) To meet increased personnel benefit costs, $8,000: Higher gross personnel compensation in FY 1972 will result in slightly higher Workmen's Compensation Insurance. More Micronesians will be eligible to retire under Social Security (the Trust Territory is committed to pay retirement costs for service prior to the establishment of the Trust Territory Social Security program) and payments for this purpose will increase slightly in FY 1972. Additionally, death benefits for Micronesians (included under Personnel Benefits as budgeted here) should increase as Micronesian employment increases and as the average age of Micronesian employees goes up slightly. An increase of $8,000 is requested to cover these anticipated minor increases in FY 1972.

Activity	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
6. Administration:			
a. Offices of the District Administrator	$ 874,000	$ 985,000	$+111,000
b. Administrative Services	359,000 1/	371,000	+12,000
c. Office of the Director of Finance	47,000 2/	46,000	-1,000
d. Finance and Accounting	634,000	675,000	+41,000
e. Automatic Data Processing	249,000	291,000	+42,000
f. Procurement and Supply	854,482	880,000	+25,518
g. Personnel Office	378,000	408,000	+30,000
h. Internal Audit	73,000	111,000	+38,000
i. Program and Budget	210,000	218,000	+8,000
j. Personnel Benefits	255,000	263,000	+8,000
Total	$3,933,482	$4,248,000	$+314,518

1/ Includes $100,000 unobligated FY 1970 Operations funds brought forward to support newly activated Liaison Offices in Okinawa, Honolulu, and Washington, D.C.

2/ Includes $23,482 unobligated FY 1970 Direct Appropriation (Office of the High Commissioner) funds brought forward to support this office following reprogramming approval of transfer from Direct Appropriations to Grants - Operations.

Administration, a grouping of general support services and management activities, includes the Office of the District Administrators, Administrative Services, Office of the Director of Finance, Finance and Accounting, Automatic Data Processing, Procurement and Supply, Personnel Office, Internal Audit, Program and Budget, and Personnel Benefits.

For many years the Trust Territory has been severely criticized for lack of effective Financial Management. In March 1970, a contract was awarded to a private consulting firm to design an accounting system for the Trust Territory.

a. Office of the District Administrators:

FY 1971 $874,000, FY 1972 $985,000: Increase $111,000

A total of $985,000 is required for the Office of the District Administrators in FY 1972, an increase of $111,000 over FY 1971.

For administrative purposes, the Trust Territory is divided into six administrative districts: the Marianas, Palau, Yap, Truk, Ponape and the Marshalls, and five sub-districts: Ebeye (Marshalls),Kusaie (Ponape), Rota (Marianas), Satawan (Truk) and Ulithi (Yap). In FY 1972, it is planned to establish sub-district offices in Jaluit (Marshalls) and Faichuk (Truk) to provide local services for these communities. Each district is headed by a District Administrator who is appointed by the High Commissioner and who exercises general administrative supervision over all operations, programs, and functions of the Trust Territory Government in his assigned district. He exercises administrative authority in accordance with all applicable laws, regulations, policies and procedures, and is responsible for full and proper compliance with all such directives.

A typical staff of a District Administrator's Office consists of the District Administrator, one or two Assistant District Administrators, a Program and Budget Officer, a District Administrator's Representative, and secretarial and other support staff.

The locale of decision-making within the Trust Territory is being increasingly decentralized to the District level to place administrative responsibility at the local level closer to the actual situation and problem and to secure maximum involvement of the Micronesian people in program planning and management.

A program increase of $71,200 is included in the FY 1972 budget to provide additional staff and supporting funds so that District Administrators may meet these increased responsibilities. (The remaining $39,800 of the increase is for normal salary increments for the U.S. and Micronesian ongoing staff and for a Micronesian salary increase.)

In FY 1972 twenty (20) Micronesian positions will be added: 5 support staff in the Marianas, 3 support staff for Yap, 1 District Administrator's Representative and 1 clerk for Faichuk in Truk District, 1 support staff for Ebeye in the Marshalls District, and 1 District Administrator's Representative and 8 support staff for Jaluit in the Marshalls District.

Staffing:	FY 1971		FY 1972	
District	U.S. Civil Service	Micronesians	U.S. Civil Service	Micronesians
Marianas	3	22	3	27
Marshalls	2	17	2	27
Palau	2	16	2	16
Ponape	5	16	5	16
Truk	4	16	4	18
Yap	5	10	5	13
Total	21	97	21	117

The increase of $111,000 includes $63,100 for the 20 new Micronesian positions, $16,200 for a salary increase for Micronesian employees, and $23,600 for normal salary increments for U.S. and Micronesian ongoing staff. The remainder of the increase, $8,100, is primarily for supplies, materials, and equipment for the new sub-district offices.

b. Administrative Services:

FY 1971 $359,000, FY 1972 $371,000: Increase $12,000

A total of $371,000 is required in FY 1972 for Administrative Services, an increase of $12,000 over FY 1971.

Included under Administrative Services are the customary administrative and executive support functions of the Office of the High Commissioner. This includes Management Services, which has staff responsibility for matters relating to organizational and procedural improvement projects for more effective and efficient administration of Government, and provides mail and messenger services for operating departments. Liaison Offices in Guam, Kwajalein, Okinawa, Honolulu, and Washington, D.C. provide personal and liaison services for the High Commissioner. Guam and Honolulu medical referrals are coordinated through the respective liaison offices. Executive Office Operations finances the operation of Government House.

In FY 1972, the staff will remain at the FY 1971 level of 15 U.S. and 11 Micronesian employees.

Staffing:	FY 1971	FY 1972
	15 U.S. Civil Service	15 U.S. Civil Service
	11 Micronesians	11 Micronesians

The increase of $12,000 includes $1,000 for a salary increase for Micronesian employees and $4,300 for normal salary increments for U.S. and Micronesian ongoing staff. The balance of the increase, $6,700, is primarily for equipment and minor contractual services in the liaison offices.

c. Office of the Director of Finance:

FY 1971 $47,000, FY 1972 $46,000: Decrease $1,000

A total of $46,000 is required for the Office of the Director of Finance in FY 1972, a decrease of $1,000 from FY 1971.

The Office of the Director of Finance gives general supervision to and is responsible for the operations of the Finance and Accounting, the Automatic Data Processing, and the Procurement and Supply Divisions. The U.S. staff consists of the Director (who reports directly to the High Commissioner) and his secretary. Prior to FY 1971 the Office was budgeted under the Direct Appropriation as a part of the Office of the High Commissioner.

Staffing:	FY 1971	FY 1972
	2 U.S. Civil Service	2 U.S. Civil Service

The net decrease of $1,000 results from a $4,100 increase in U.S. personnel compensation to fund a within grade for the secretary and the promotion of the Director; more than offset by a decrease of $5,100 in other object codes as follows: $-3,000 in travel, $-600 in contractual services, and $-1,500 in equipment and supplies.

d. Finance and Accounting:

FY 1971 $634,000, FY 1972 $675,000: Increase $41,000

A total of $675,000 is required for the Finance and Accounting Division in FY 1972, an increase of $41,000 over FY 1971.

Under the general supervision of the Director of Finance, the Finance and Accounting Division includes the office of the Division Chief at Headquarters and the offices of the District Finance Officers in each district who are under the direct supervision of the District Administrators, but receive technical guidance and assistance from the Chief of Finance and Accounting. This Division is responsible for the proper accounting of all public monies and the vouchering and costing functions. It develops accounting systems, establishes accounting policies and procedures, and supervises the full implementation of such policies at all levels; it prepares reports and statements; supervises payrolling and disbursing functions; and enforces policies governing the collection of debts owed to the Government.

The workload of the Division is generally related to the dollar amounts of approved programs and these have been increasing rapidly during the past several years. In addition to its primary function of disbursing and accounting for the regular budgeted program funds, including payrolling of over 6,000 employees scattered throughout the Territory, this Division has many collateral responsibilities. These include disbursement of appropriated funds for Peace Corps Micronesia; collection, disbursement, and accounting for more than $2 million of local taxes and other revenues; disbursement and accounting for substantial amounts of federal HEW and other grants; and handling several million dollars of trust and related funds.

In FY 1971, the staff consists of 16 U.S. and 122 Micronesian positions. In FY 1972, Micronesian staff will remain at the same level but 3 U.S. positions will be abolished: two clerks and one accountant.

Staffing:	FY 1971	FY 1972
	16 U.S. Civil Service	13 U.S. Civil Service
	122 Micronesians	122 Micronesians

The increase of $41,000 includes $15,800 for a salary increase for Micronesian employees; $23,000 for within grade increments for U.S. and Micronesian ongoing staff; $23,100 for full funding of 3 U.S. accounting positions partially lapsed in FY 1971; and $5,100 for additional supplies and materials, printing, and other contractual services. These increases are partially offset by a decrease of $26,000, the cost of the 3 abolished positions.

e. Automatic Data Processing:

FY 1971 $249,000, FY 1972 $291,000: Increase $42,000

A total of $291,000 is required for Automatic Data Processing in FY 1972, an increase of $42,000 over FY 1971.

Under the general supervision of the Director of Finance, the Automatic Data Processing Division is responsible for the system analysis, programming, and

operations of all applications relating and applied to automatic data processing in the Trust Territory.

Present applications include U.S. payroll, some Micronesian payroll, Micronesian Social Security, supply depot and capital item inventories, utility billings and accounting, accounts payable vouchers accounting, Public Health records statistics, school enrollment and classroom assignments, and Micronesian personnel information rosters used for budgetary requirements.

In late FY 1971 the present IBM 360/20 card system computer will be replaced by an IBM 360/25 disk and tape system computer. This equipment upgrading will permit further applications that will make it possible to furnish program managers more timely and accurate information on the status of their supply requisitions and their financial accounts. A personnel data bank will be established from which all personnel, payroll, and leave reports will be furnished. This data will also be most useful for budgetary purposes throughout the Territory.

In FY 1972 new applications in the areas of Personnel Information, Financial Management, and Supply Management require the addition of a U.S. systems analyst and 6 Micronesian positions (1 programmer trainee, 1 console operator, 2 machine operators, 1 control section supervisor, and 1 control clerk). Emphasis will continue to be placed on the training of Micronesians in all phases of automatic data processing.

Staffing:	FY 1971	FY 1972
	6 U.S. Civil Service	7 U.S. Civil Service
	12 Micronesians	18 Micronesians

The increase of $42,000 includes $27,100 for the 1 U.S. and 6 Micronesian new positions; $2,200 for a Micronesian salary increase; $5,200 for within grade increments for the ongoing U.S. and Micronesian staff; $23,000 for increased data processing equipment rental costs; and $1,500 for additional recruitment costs. These increases are partially offset by decreases of $6,200 in training and other travel; $9,000 in supplies; and $1,800 in equipment.

f. Procurement and Supply:

FY 1971 $854,482, FY 1972 $880,000: Increase $25,518

A total of $880,000 is required for Procurement and Supply in FY 1972, an increase of $25,518 over FY 1971.

Under the general supervision of the Director of Finance, the Procurement and Supply Division includes the office of the Division Chief at Headquarters and the offices of the District Supply Officers in each of the districts. Although the District Supply Officers are under the direct supervision of the District Administrators, they receive technical guidance and assistance from the Chief of Procurement and Supply Division.

This Division has the responsibility for the planning, directing and development of the procurement and supply program of the Trust Territory Government. It develops and enforces procurement and supply policies and procedures; establishes procurement and supply standards and requirements; and coordinates property

management, property accountability, and property disposal programs. It administers the USDA surplus commodity program, and supervises the Trust Territory's Supply Stock Fund.

In FY 1972 one U.S. procurement officer position at Headquarters will be abolished and replaced by a currently on board Micronesian. At the same time, increased procurement and supply management workload requires the addition of 9 new Micronesian positions (3 for Headquarters, 1 for Palau, 3 for Yap, and 2 for Truk).

Staffing:	FY 1971	FY 1972
	24 U.S. Civil Service	23 U.S. Civil Service
	173 Micronesians	182 Micronesians

The increase of $25,518 includes $21,200 for a salary increase for Micronesian employees; $12,400 for the 9 new Micronesian clerical positions; $13,800 for within grade increments for U.S. and Micronesian ongoing staff; $4,018 primarily in equipment and contractual services; partially offset by decreases of $15,700 on the abolished U.S. position and $10,200 in business and recruitment travel.

g. Personnel Office:

FY 1971 $378,000, FY 1972 $408,000: Increase $30,000

A total of $408,000 is required for the Personnel Office in FY 1972, an increase of $30,000 over FY 1971.

The Personnel Department under the general supervision of the Director of Personnel includes the Director's Office and the Division of Personnel Training located at Headquarters in Saipan and the offices of the District Personnel Directors in each of the districts. The District Directors of Personnel are under the direct supervision of the District Administrators but they receive technical guidance and assistance from the Director of Personnel. This department is responsible for the administration of a complete personnel program for all Trust Territory Government employees; it administers the Trust Territory Merit System Act for Micronesian employees; and develops and administers a system of employee's benefits, including leave, group life insurance, and a retirement plan. It administers the recruitment program for U.S. Civil Service, contract, and other expatriate employees to provide specialized skills not locally available; administers all applicable provisions of the U.S. Civil Service and contract employment system.

In FY 1972 the Personnel Department will emphasize improvements in the areas of position classification and compensation. Seven (7) new Micronesian positions (6 classifiers - one per district - and a personnel assistant) will be added to improve district staffing and to enable decentralizing the position classification function to the district level. Recruits for these positions will need to undergo training in the Headquarters office before assignment to a district. A U.S. clerk typist position will be abolished to enable funding for higher priority needs.

Staffing:	FY 1971	FY 1972
	11 U.S. Civil Service	10 U.S. Civil Service
	37 Micronesians	44 Micronesians

The increase of $30,000 includes $7,000 for a salary increase for Micronesian employees; $27,400 for the 7 new Micronesian staff positions; and $13,700 for within grade increments for U.S. and Micronesian ongoing staff. These increases are partially offset by decreases of $6,500 on the abolished U.S. clerical position, $8,000 in business and training travel, and $3,600 in equipment and other object code areas.

h. Internal Audit:

FY 1971 $73,000, FY 1972 $111,000: Increase $38,000

A total of $111,000 is required for the Internal Audit Office in FY 1972, an increase of $38,000 over FY 1971.

Under the overall supervision of the Office of the High Commissioner, the Audit staff performs comprehensive audits on all governmental accounts, special and trust funds, including funds in connection with rehabilitation projects and capital improvements. At the request of the Office of the High Commissioner, it conducts audits on private commercial companies in the Trust Territory when the Government has an interest through subsidy agreements or economic development loans. Funds requested in FY 1972 will provide for increases of 1 U.S. and 2 Micronesian positions to provide an average of 15 man-weeks of audit coverage in each district - more than twice the 7 man-weeks estimated for FY 1971 - and to strengthen the audit coverage on Saipan.

Staffing:	FY 1971	FY 1972
	2 U.S. Civil Service	3 U.S. Civil Service
	3 Micronesians	5 Micronesians

The increase of $38,000 includes $1,200 for a salary increase for Micronesian employees; $25,200 for the 1 new U.S. auditor and the 2 new Micronesian positions (1 auditor and 1 clerk typist); $1,700 for within grade increments for U.S. and Micronesian ongoing staff; $6,700 for increased travel to districts and added recruitment costs; $2,000 in supplies and equipment; and $1,200 in other object codes.

i. Program and Budget:

FY 1971 $210,000, FY 1972 $218,000: Increase $8,000

A total of $218,000 is required for the Program and Budget Office in FY 1972, an increase of $8,000 over FY 1971.

Under the general supervision of the High Commissioner, the Program and Budget Office is responsible for long-range program planning, programming resources required in meeting goals established in the planning process, and formulating

and executing the annual budget request for funds to implement approved programs. These activities form an integral part of the Planning-Programming-Budgeting System. The Office prepares the annual Trust Territory Program Memorandum and multi-year program and financial plans, together with necessary supporting documents including special analytic studies, issue studies, and program support statements. Also prepared are budget submissions at the various review levels including the Congress of Micronesia, Department of the Interior, Office of Management and Budget, and the U.S. Congress. Responsibility for proper and effective execution of the budget involves the apportionment, and allotment of funds systems together with financial analysis and reporting.

The Program and Budget activity as herein budgeted is for Headquarters only. The funds and staff for the Program and Budget activity in the six districts is budgeted under the activity, Office of the District Administrator. Inasmuch as the locale of decision-making within the Trust Territory is being increasingly decentralized to the District level, the small (two-man) Program and Budget offices in the districts will undoubtedly have to be expanded slightly in future years. At such time it will likely be desirable to budget District and Headquarters Program and Budget Offices under the one activity. The District offices would continue under the direct supervision of the District Administrators with technical guidance and assistance from Headquarters.

Staffing:	FY 1971	FY 1972
	7 U.S. Civil Service	7 U.S. Civil Service
	7 Micronesians	7 Micronesians

The increase of $8,000 includes $1,600 for a salary increase for Micronesian employees; $5,400 for within grade increments for U.S. and Micronesian ongoing staff; and $1,000 for increased printing of budget materials for the Districts.

j. Personnel Benefits:

FY 1971 $255,000, FY 1972 $263,000: Increase $8,000

A total of $263,000 is required for Personnel Benefits in FY 1972, an increase of $8,000 over FY 1971.

Personnel Benefits includes funds for the cost of educational allowances for eligible dependents of U.S. employees, workmen's compensation insurance, death benefits for Micronesian employees, and retirement payments to Micronesians who retired under Social Security with more than five years service. The Trust Territory Government is committed to pay retirement costs for service prior to the establishment of the Trust Territory Social Security program.

The increase of $8,000 in FY 1972 is to meet anticipated higher payments of workmen's compensation insurance, death benefits for Micronesian employees, and retirement costs for service prior to the establishment of the Trust Territory Social Security program.

7. Transportation and Communications: FY 1971 $2,427,000, FY 1972 $2,935,000: Increase $508,000. The increase consists of:

	Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	$ +19,500	...	...	...	To finance a salary increase for Micronesian employees.
(2)	+74,600	...	...	...	Salary increments for the 33 U.S. and 136 Micronesian ongoing staff plus planned promotions for a number of Micronesians.
(3)	+2,000	+10 Micro	...	9 U.S. 30 Micro	To strengthen technical and administrative staff in Transportation, offset by shift to training within Territory rather than outside the Territory.
(4)	+320,000	...	$1,400,000	...	To permit safe and scheduled operations of our inter-island ships.
(5)	+91,900	-4 U.S. +6 Micro	...	24 U.S. 122 Micro	Slight shift in technical staff and increase in minimum requirement for electronic supplies and spare parts essential to efficient operation of a modernized communications system.
	$+508,000	-4 U.S. +16 Micro	$2,935,000	33 U.S. 152 Micro	

Cost Factors Involved in Increases

(1) Proposed salary increase for Micronesian employees, $19,500. Based on calculation of 4% for 72 employees earning $3,000 or above per annum and 6% for 80 employees earning less than $3,000 per annum.

(2) $74,600 for within grade increases for ongoing positions plus cost of planned promotions for a number of Micronesian employees: $16,400 for 33 U.S. positions; $26,400 for 136 Micronesian positions; and $31,800 for planned promotions for Micronesians, after completion of accelerated training program.

(3) $16,800 for the ten new Micronesian positions: 1 clerk, 1 Hull Inspector Trainee, 1 Marine Machine Inspector Trainee, 1 Electronic Inspector Trainee, 1 Operations Control Trainee, 1 Office Manager, 1 Marine Examiner Trainee, 1 Training Coordinator, 1 Progress Evaluation Trainee, and 1 Fiscal Officer Trainee. The cost of these new positions is largely offset by the savings in travel and stipends for trainees as a result of shift to training within the Trust Territory rather than outside the Territory ($-14,800).

58-160 O - 71 - pt. 1 --55

(4) Increased Government costs of subsidizing operation of ships to local cooperatives and companies, $188,000; increased annual drydocking, overhauling, and other routine miscellaneous costs, $52,000; loss of revenue due to discontinuation of service of a government-owned vessel, M/V Gunners Knot now chartered by MILI. This charter has paid approximately $80,000 per year in revenue to help offset the operation costs of the sea transportation program.

(5) Six new Micronesian positions (4 operations specialists and 2 electronic technician trainees) at a net cost increase of $11,200; additional contractual services, $18,700; additional cost of $67,200 to provide essential electronic supplies and equipment for the operation of the modernized communication system; other object codes, $4,300; partially offset by effect of phasing out 4 U.S. positions, $-9,500. (The decrease is small due to the fact that in FY 1971 it was necessary to partially lapse the positions slated for phase out.)

Need for Increase:

(1) Salary increase for Micronesian employees, $19,500: An increase in pay scales for Micronesian employees is proposed in line with recent increases in U.S. civil service salaries and changing conditions in the Micronesian economy. The cost is $19,500 for the 152 positions requested for this activity in FY 1972.

(2) Salary increments for ongoing staff, $74,600: Normal within grade promotions must be awarded except in cases of unsatisfactory performance and selected promotions must be made. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth in lower grade and beginning increments will not be evident for some years to come. Both the Transportation and Communications Divisions will have an unusually large number of Micronesian employees reaching a point in training and in experience in FY 1972 who must be promoted then. An increase of $74,600 is requested to meet these increased pay costs.

(3) To strengthen technical and administrative staff in Transportation, offset by savings in shift in training program for Transportation, $2,000: Ten (10) new Micronesian positions at a cost of $16,800 are needed to enable the Transportation Division to cope with the multitude of technically demanding responsibilities with which it is increasingly confronted. Due to the lack of trained Micronesians in the transportation fields, these positions will be mostly filled with trainees who will be in training status at least a year before they can effectively perform in their various specialities. The staff cost increase is largely offset by the plan to concentrate more on training within the Trust Territory with consequent savings in travel and student stipends ($-14,800).

(4) To permit safe and scheduled operations of our inter-island ships, $320,000: The Trust Territory Government currently owns or operates a fleet of 9 inter-island vessels and a tug and a lagoon boat. Five of these vessels were built during the 1940's and are increasingly difficult and costly to retain in class for safe and efficient operations. The amount of cargo and the number of passengers to be transported are steadily on the increase. The increase of $320,000 in FY 1972 will be required to meet the ever-increasing

costs of drydocking and operating these ships as they get older, as well as drydocking and subsidizing another ship for which negotiations with the military are now underway.

(5) Slight increase in cost of technical staff and increase in minimum requirement for electronic supplies and equipment including spare parts essential to operation of a modernized communications system, $91,900: By FY 1972 the training program for Micronesians will be showing real results and permit phasing out 4 U.S. staff as qualified on-board Micronesians replace them. The modernized communications system requires addition of 6 new Micronesian staff as operational demands upon the system increase. There will be a small cost increase for this inasmuch as the U.S. positions were lapsed in FY 1971. The newly modernized system, to remain in efficient operation, requires increasing the now limited stock of essential electronic supplies and equipment necessary for maintenance. An increase of $91,900 in FY 1972 is requested for these purposes.

	Activity	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
7.	Transportation and Communications:			
a.	Office of the Director	$ 57,000	$ 57,000	$ - 0 -
b.	Transportation Office	309,000	340,000	+31,000
c.	Sea Transportation	1,080,000	1,400,000	+320,000
d.	Communications	981,000	1,138,000	+157,000
	Total	$2,427,000	$2,935,000	$+508,000

The geographical distribution and the isolation of these islands make transportation and communications a vital support service to accomplishing any of the political, social, educational, and economic objectives of the Trust Territory.

The Congress of Micronesia has stated the importance of this program. Also the people of Micronesia through their District Legislatures and Municipal Councils have expressed their desire to have this program accelerated. The following quote from the Report of the Committee on Government Organization, July 1969, summarizes the feeling of some of the Micronesians toward this:

> "In the first place, transportation and communications are the activities on which we must rely to link the widely dispersed islands and the people that make up the Trust Territory. Unless these two activities are performed adequately, the citizens cannot make their wishes known to their government, cannot receive services from that government, and cannot even consult together on public questions. It is necessary to speak of transportation and communications together; either one by itself would be only a partial connecting link."

a. Office of the Director:

FY 1971 $57,000, FY 1972 $57,000: Increase $ - 0 -

A total of $57,000 is required in FY 1972 for the Office of the Director of Transportation and Communications, the same level of funds as in FY 1971.

The office of the Director of Transportation and Communications is responsible for the overall administration and coordination of the total transportation and communications system in the Trust Territory. In FY 1970, Transportation and Communications activities were merged from two other departments and are now under the general supervision of a Director of Transportation and Communications who is responsible for the coordination of air, land and sea transportation and the communications system activities and related facilities. The Director is directly responsible to the High Commissioner for the planning, development and administration of the systems, and for furnishing expert advice concerning transportation and communications.

No increase in staffing is anticipated in FY 1972.

Staffing:	FY 1971	FY 1972
	2 U.S. Civil Service	2 U.S. Civil Service
	1 Micronesian	1 Micronesian

FY 1972 funding of this area remains at the same level as in FY 1971. The increases of $500 for the proposed Micronesian salary increase and $1,600 for within grade increases of ongoing positions are equally offset by a net decrease of $2,100 in other object codes.

b. Transportation Office:

FY 1971 $309,000, FY 1972 $340,000: Increase $31,000

A total of $340,000 is required to support the Transportation Office in FY 1972, an increase of $31,000 over FY 1971.

Under the general supervision of the Director of Transportation and Communications, the Chief of the Transportation Division is responsible for the formulation of programs relating to air, land, and sea transportation activities. The planning, programming and budgeting of all road systems, warehouses, harbors, airports and ship capital improvements is the responsibility of the Transportation Division. This office is also responsible for surveillance of the air and sea terminal facilities and their operations, navigational aides and markers, marine inspection and licensing procedures, development of tariff schedules, routes, and rates. It also compiles and maintains statistical data on transportation activities. In addition, this office is administratively responsible for the operations of four inter-island ships as well as providing general supervision of the operations of five other Government-owned inter-island ships that are currently operated by private shipping firms.

The Transportation Division places a strong emphasis on training Micronesians, with support from U.S. Government agencies such as the Federal Maritime Commission, the U.S. Maritime Administration, the Bureau of Public Roads, the Army Corps of Engineers, Naval Facilities Engineering Command and the Federal Aviation Administration, as contrasted to bringing in many capable U.S. employees, to fill appropriate positions.

The carefully structured augmentation of personnel skills will allow the extensive infrastructure of transportation capital improvements to proceed with maximum of economy and with the earliest practical replacement of U.S. Civil Service personnel.

The published Transportation Division objectives of: lowest cost transport service, regular transport-mode schedules, maximum Micronesian employment and maximum contribution to Trust Territory economic development will be most effectively attained through a program which analyzes all transport alternatives, selects equipment and facilities to operate the most cost-effective service, negotiates appropriate contracts with suppliers, common carriers and construction contractors, supervises the performance of contracts, trains Micronesians for shore-side, sea-going and aviation related positions, documents the periodic progress toward specified goals and utilizes the advice and consulting expertise that are available through the U.S. Government agencies mentioned above.

The facilities under Transportation Division planning and programming jurisdiction include: 7 major harbors and 81 outer-island anchorages, 7 major airfields, 1 transpacific air common carrier, 1 transpacific sea common carrier, 3 air taxi operations, 400 miles of "road", 9 inter-island ships with their subsidized contract operators and several licensed commercial bus operations. Approximately 1,000 persons are employed in the overall transportation system.

The ten new Micronesian positions added in FY 1972 include additional trainees in the areas of transport system tariff analysis, common carrier operating and scheduling procedure, district transportation operations management, documenting vessels registered in Micronesia, inspecting the structural, mechanical and electrical systems of ships and aircraft, as well as the planning of airports, harbors, warehouses and road systems. No increase in U.S. positions is anticipated in FY 1972.

Staffing:	FY 1971	FY 1972
	7 U.S. Civil Service	7 U.S. Civil Service
	19 Micronesians	29 Micronesians

The $31,000 increase includes $3,600 for a salary increase for Micronesian employees; $40,100 for the ten new Micronesian positions, within grade increases for U.S. and Micronesian ongoing positions, plus a number of planned promotions for Micronesian employees (following completion of training in their various specialities). These increases are partially offset by a decrease of $12,700 in contractual services and other object codes.

c. Sea Transportation:

FY 1971 $1,080,000, FY 1972 $1,400,000: Increase $320,000

A total of $1,400,000 is required to support Sea Transportation operations in FY 1972, an increase of $320,000 over FY 1971.

Sea Transportation is essential to maintaining the ongoing function and future development of the Trust Territory. Other transportation methods (roads and aircraft) complement the use of ships, but they cannot fulfill the function of moving the vast amount of produce, material, and passengers among the approximately 100 inhabited islands. The number of sea passengers more than doubled between 1968 and 1970 (9,800 to 25,000) and cargo transported increased from 160,000 to 230,000 tons. Between 1970 and 1975, passengers are expected to triple (25,000 to 80,000) and cargo will increase from 230,000 tons to 360,000 tons.

Sea transportation within the Trust Territory is complemented by transpacific shipping which is operated by a contractor, Micronesian Interocean Line, Inc., who is working under a 10-year contract that was initiated on September 1, 1968. The contract calls for scheduled direct linkage with the United States West Coast ports as well as direct linkage with Japan and other Far Eastern ports. The contract also requires the development of a Micronesian-owned, operated and staffed company by the end of the ten-year period.

Inter-island shipping is presently accomplished through a government-owned fleet of nine ships, a lagoon boat, a tug and some non-powered barges. Five of these ships are operated under contract by Micronesian shipping companies; two additional privately-owned ships are occasionally leased by the Government. The lagoon boat, the tug, and four administrative ships, are operated by the Government through a general agency agreement with a Micronesian shipping company. The barges are operated under contract by various terminal/warehouse companies.

Inter-Island Fleet: The fleet has two types of functions: commercial and administrative. The commercial function includes transporting the produce of the islands to distribution points (seven major ports) for export and bringing consumer products to the people. The administrative function includes transportation of administrative personnel, doctors, election officials, educators, agriculturists, and students as well as the transportation of mail, supplies and materials, such as construction materials, that are needed to carry out the programs of the Trust Territory Government. The response to emergencies (medical evacuations or surface search and rescue missions) is also a part of the administrative function of the fleet.

The quality of daily life and the rate of economic development in district centers and outer islands are closely related to the frequency and the reliability of ship service. Copra production is a major example, presently the people do not cut and dry copra until they know that a ship is due to arrive and is actually on the way because if they prepare the copra too soon it will mould before it is picked up by a ship. Adherence to ship schedules is complicated because any routing may be altered to meet medical evacuation or other urgent administrative needs. Reliable ship service has been shown to greatly increase copra production. Scheduled frequency of ship visits to outer islands now ranges from approximately 30 days in most districts to every 60 days for some islands in the Palau District. The frequency and reliability of ship calls are dependent upon: (1) cargo capacity of the ships; (2) ability of commercial ships to keep on schedule without being diverted for emergency administrative services; (3) reduction of "down-time" for repair and maintenance of ships; and (4) condition of harbors and docks in relation to efficiencies of loading and unloading.

Five of the inter-island ships were built in the middle 1940's and are of an age where down-time is frequent and costly in terms of drydock and maintenance outlays and in terms of unreliable schedules of call. A five-year building program is commencing in FY 1972 which will provide eight especially designed inter-island ships that are capable of rapid cargo transfer to and from logistic trans-pacific ships as well as through unimproved outer island landing points. The new ships will operate with a minimum crew and with an ability to quickly replace defective machinery with spare equipment while the disabled machinery is undergoing repair at a central servicing point.

A portrayal of the problem posed by only a few vessels serving approximately 20,000 people at 50 separate and distinct points over 750,000 square miles of the earth's surface is illustrated by the following voyage distances in the Marshalls Islands.

Southern Field Trip	545 miles
Central Field Trip	583 miles
Western Field Trip	1,683 miles
Northern Field Trip	770 miles
Eastern Field Trip	405 miles

The listed distances are in revenue mileage and they represent the distance between the islands. For instance, the Southern field trips' 545 total mileage represents: from Majuro to Jaluit, 130 miles; Jaluit to Kili, 35 miles; Kili to Namorik, 90 miles; Namorik to Ebon, 70 miles; and Ebon to Majuro, 220 miles. Currently there are three vessels making scheduled commercial interisland trips over the five listed routes in the Marshalls. One of these ships (the M/V MILITOBI) is owned by the Trust Territory Government. The other two are privately owned and are subsidized by the government.

During the past year it has been possible, with three regularly scheduled ships making the inter-island trips, to maintain a once a month service to the inhabited islands in the Marshalls District. Each ship, in sequence, tries to maintain the following transit times. (The in-port time in Majuro to discharge copra and load trade goods and administration cargo varies from two days to a week depending on dock space and weather.)

Discharge and Load at Majuro	4 days
Southern Field Trip	13 days
Discharge and Load at Majuro	4 days
Central Field Trip	13 days
Discharge and Load at Majuro	4 days
Western Field Trip	19 days
Discharge and Load at Majuro	4 days
Northern Field Trip	13 days
Discharge and Load at Majuro	4 days
Eastern Field Trip	13 days
	91 days

In order to maintain the inter-island fleet at an acceptable standard of vessel safety and reliability, the higher rate of drydocking preventative maintenance and general overhaul begun in FY 1970 must be maintained until new ships are available to replace those presently in use. In prior years the annual drydocking of all vessels, which is requisite for safe navigation, was not consistently accomplished because of lack of funds. The penalty for the neglect has increased each year when more extensive overhauls and voyage repairs of the machinery, navigational instruments and deck equipment have been required. Every effort must be made to avoid the repetition of an experience in FY 1969 when three vessels were tied up for one to five months.

Five government-owned intra-district vessels (M/V MILITOBI, M/V KASELEHLIA, M/V TRUK ISLANDER, M/V PALAU ISLANDER and the M/V RAN ANNIM) are operated by local Micronesian shipping companies and cooperatives and are subsidized by the Trust Territory Government in order to provide the essential movement of mail, people, and material among the islands as well as guaranteeing the existence of an export copra industry. Subsidy costs for all ships used commercially (including an additional AKL type vessel) are budgeted at $570,000; this ensures covering the operating expenses, exclusive of drydocking and insurance, incurred by the operator/contractors as well as providing a profit incentive for reducing costs. At present, four administrative-service vessels (M/V JAMES COOK, M/V YAP ISLANDER, M/V HAFA ADAI, and the newly acquired unnamed LSM vessel), the lagoon boat and the tug are operated by the Government under a general agency contract with a Micronesian firm at total annual government cost, exclusive of drydocking and miscellaneous, budgeted at $485,000. Yearly drydocking and annual overhaul cost for all vessels is estimated at $300,000. The Government pays no hull and machinery premiums on its eleven vessels because the pre-FY 1972 loss record shows that no substantial benefit accrued to the Government for maintaining such insurance. Other insurance and miscellaneous costs total $45,000 for the fleet. The Trust Territory Government is presently negotiating, through the Department of Interior, to acquire an additional AKL type vessel from military surplus. If the negotiations are successful, the new ship will join the LSM and permit ceasing to place major reliance on the two small single screw vessels in the Trust Territory fleet which are in the poorest condition, are the most expensive to maintain and are subject to the most frequent breakdowns.

The high costs of operations, drydocking and voyage repairs are expected to continue at a higher level until the fleet begins to acquire the newly constructed inter-island ships in FY 1973-1974.

The increase of $320,000 includes $188,000 increased costs of subsidies paid by the Government to local cooperatives and companies for operation of 9 ships; $52,000 for annual drydocking, overhauling, and other routine miscellaneous costs; and $80,000 to cover loss of revenue now generated by the M/V Gunners Knot, chartered by MILI, which is not scheduled to remain in service in FY 1972.

d. Communications:

FY 1971 $981,000, FY 1972 $1,138,000: Increase $157,000

A total of $1,138,000 is required to support Communications in FY 1972, an increase of $157,000 over FY 1971.

Communications is vital in the Trust Territory in order to inter-connect the approximately 100 inhabited islands with the district centers, headquarters, and points beyond. The communications system is designed to meet the needs of government, private and business sectors, and the requirements of the National Communications System (NCS).

Under the general supervision of the Director of Transportation and Communications, the Chief of Communications Division is responsible for the planning, operations and maintenance of the complete communications service in the territory. Major facilities are located in the six district centers: Majuro, Marshall Islands; Ponape, Eastern Carolines; Truk, Eastern Carolines; Saipan, Mariana Islands; Yap, Western Carolines; and Koror, Palau, Western Carolines.

These facilities form a closely integrated network, providing discreet, quality communications with each other through radiotelephone and radioteletype circuits. In addition, each major station is capable of communicating with aircraft, shipping, and outer-islands. All maintain continuous guard on a number of frequencies, including international distress. Non-directional radio beacons are provided for navigational guidance to all ships and aircraft transiting the area.

The system provides the Trust Territory with reliable, quality, independent sideband voice and data communications that interfaces with any governmental and commercial service worldwide. The Major Relay and Control Station on Saipan inter-connects the territory with multiple channel voice and teletype circuits, via the Troposcatter Communications System, into the Federal Aviation Administration (FAA) facility on Guam. Access to outside government and commercial circuits is made thru this facility.

The outer-islands communications system is equipped with 100 watt single-sideband radios, complete with emergency generator plants and spare units. The eighty plus stations are supplemented with portable VHF FM two-way radios for inner atoll communications. The SSB/VHF system serves approximately 45,000 persons on remote outer islands and communities throughout the Territory.

With the completion of the modernized communications project (except Palau) in FY 1971 and the successful ongoing training program to upgrade the professional skills of indigenous personnel, the division is now in a programmed phase-out of U.S. personnel. Six new Micronesian positions are proposed for FY 1972. The positions include Communications operator trainees, electronic technician

trainees, and maintenance supervisors distributed by district as follows: Headquarters control station 3; Palau 1; Yap 1; and Marshalls 1. These positions are needed to operate the newly modernized communications system.

Staffing:	FY 1971	FY 1972
	28 U.S. Civil Service	24 U.S. Civil Service
	116 Micronesians	122 Micronesians

The $157,000 increase includes $15,400 for a proposed Micronesian salary increase; $60,900 for the six new Micronesian positions, within grade increases for ongoing positions plus a number of planned promotions for Micronesian employees keyed to the accelerated training program; $67,200 for electronic equipment and supplies and materials; $18,700 for contractual services; and $4,300 in other object codes. These increases are slightly offset by a decrease of $9,500 as a result of abolishing four U.S. positions. (The latter decrease is small due to the fact that in FY 1971 it was necessary to partially lapse the positions slated for phase-out.)

8. Public Works: FY 1971 $5,951,000, FY 1972 $6,567,000: Increase $616,000. The increase consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) $+131,600	...	...	...	To finance a salary increase for Micronesian employees.
(2) +154,400	...	...	...	Normal salary increments for the 71 U.S. and 1,002 Micronesian ongoing positions.
(3) +34,700	-9 U.S. +81 Micro	...	...	Increase in Micronesian staff to meet Operation and Maintenance requirements of new and/or expanded facilities partially offset by beginning of U.S. staffing phase-out.
(4) +295,300	...	...	...	Increased funding for supporting POL, spare parts, and other materials of work, primarily to meet Operation and Maintenance requirements for new and/or expanded facilities.
$+616,000	-9 U.S. +81 Micro	$6,567,000	71 U.S. 1,083 Micro	

Cost Factors Involved in Increases

(1) Cost of proposed salary increase for Micronesian employees, $131,600 calculated on the basis of 4% for 63 employees earning $3,000 or above per annum and 6% for 1,020 employees earning below $3,000 per annum.

(2) Within grade increases for 71 U. S. and 1,002 Micronesian positions, $154,400.

(3) 81 Micronesian positions added for a total cost of $151,400, partially offset by reduction of $116,700 due to abolishing 9 U.S. positions. Net increase is $34,700.

(4) POL, spare parts, and other materials of work, $270,300; supporting equipment, $8,100; and other objects, $16,900.

Need for Increase:

(1) Salary increase for Micronesian employees, $131,600: An increase in pay scales for Micronesian employees is proposed in line with recent increases in U.S. civil service salaries and changing conditions in the Micronesian economy. The cost is $131,600 for the 1,083 positions requested for this activity in FY 1972.

(2) Normal salary increments for ongoing staff, $154,400: Normal within grade promotions must be awarded except in cases of unsatisfactory performance and selected promotions must be made. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth in lower grade and beginning increments will not be evident for some years to come. An increase of $154,400 is requested to meet these increased pay costs.

(3) To strengthen Micronesian staffing to meet O&M requirements of new facilities, $34,700: The drop of 9 U.S. positions as implementation of the policy of phasing out U.S. staff gets under way, is more than offset by the need for 81 new Micronesian positions. 49 new positions are needed in the Public Works Operation and Maintenance program for new and/or expanded government facilities. 31 new positions are needed in the Public Works Utilities program to operate and maintain new facilities in Saipan and Palau and expanded utility facilities in the other districts. One Planner-Trainee is proposed for Public Works Engineering and Administration. A net increase of $34,700 is requested for the new positions costs.

(4) To increase funds for supporting POL, spare parts, equipment, and other materials of work, $295,300: Increased funds are needed for supporting POL, spare parts, equipment, and other materials of work to properly operate and maintain new and/or expanded Government facilities, 6 LCU vessels acquired from the U.S. Navy for use in each of the six districts, additional heavy construction equipment acquired from military excess sources for use in connection with the road and building construction program, and utility systems, including power, water, sewer, and telephone. An increase of $295,300 is requested to meet these needs.

Activity	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
8. Public Works:			
a. Public Works - Engineering and Administration	$ 591,000	$ 590,000	$ -1,000
b. Public Works - Operations and Maintenance	3,540,000	3,928,000	+388,000
c. Public Works - Utilities	1,820,000	2,049,000	+229,000
Total	$5,951,000	$6,567,000	$+616,000

The Department of Public Works and Utilities, headed by the Director of Public Works, is responsible for the planning, implementation and administration of the Capital Improvement Program of the Trust Territory Government and the operations and maintenance of all government-owned facilities in the six districts.

The administration of the above programs is carried out by personnel specialized in all engineering disciplines, i.e., architectural, structural, mechanical, civil, electrical and sanitary, with required draftsmen, surveyors, technicians, estimators and specification writers, etc.

a. Public Works - Engineering and Administration:

FY 1971 $591,000, FY 1972 $590,000: Decrease $1,000

A total of $590,000 is required for Public Works Engineering and Administration in FY 1972, a decrease of $1,000 from FY 1971.

The Headquarters Public Works Engineering and Administration is made up of two sections: the Office of the Director and his staff, and the Office of the Chief of Operations and Maintenance and his staff. The Director's Office, in addition to the overall general administration of the Trust Territory-wide Public Works Department, includes department budget preparation and fiscal management, programming and scheduling of capital improvement projects, personnel administration, etc. The Chief of Operations and Maintenance has on his Headquarters staff specialists in each of the areas of operations and maintenance, such as facilities maintenance, utilities, refrigeration and air conditioning, roads, ports and airports operations and maintenance, transportation, etc., who furnish technical advice and support for district operations. The Chief of Operations and Maintenance also coordinates the overall Government force account and local contracts associated with construction projects carried out within the districts under the general supervision of the District Directors of Public Works.

Three U.S. ongoing support type positions are proposed to be abolished in FY 1972 as implementation of the policy of phasing out U.S. employees and replacing them with on-board qualified Micronesians gets under way. One Micronesian planner-trainee position will be added.

Staffing:	FY 1971	FY 1972
	15 U.S. Civil Service	15 U.S. Civil Service
	10 U.S. Contract	7 U.S. Contract
	25 U.S. Total	22 U.S. Total
	20 Micronesians	21 Micronesians

The decrease of $1,000 from FY 1971 is the net effect of an increase of $22,600 in Micronesian personnel compensation ($2,500 for a salary increase, $4,100 for one new position, and $16,000 for within grade promotions plus full funding of 4 positions partially lapsed in FY 1971); $7,700 increase in supplies and materials; $2,300 increase in business and recruitment travel; and $10,800 increase in other object codes. These increases are more than offset by decreases of $24,200 in equipment and a net decrease of $20,200 in U.S. personnel compensation as follows: abolish 3 positions, $-29,400, normal salary increments ongoing U.S. positions, $+9,200.

b. Public Works - Operations and Maintenance:

FY 1971 $3,540,000, FY 1972 $3,928,000: Increase $388,000

A total of $3,928,000 is required for Public Works Operations and Maintenance in FY 1972, an increase of $388,000 over FY 1971.

Under this activity is included the maintenance and operation of government-owned buildings and facilities within the six districts of the Trust Territory. These buildings and facilities consist of schools, quarters, hospitals, office buildings, warehouses and garages; maintenance of roads, streets, airfields, docks and port facilities; maintenance and operation of refrigeration plants, repair and maintenance of automotive and heavy equipment; and the operation and maintenance of boat transportation services. Services to private contractors and the general public are provided on a reimbursable basis when such services are not available through private sources.

During FY 1971 the Trust Territory will acquire many additions to its physical plant facilities resulting from the Capital Improvement Program. These include elementary schools in all districts, a hospital in Truk and school facilities in Yap and Koror. These and other increases in facilities will require additional maintenance personnel as well as supplies, materials and equipment parts to insure proper care and continuing uninterrupted service from these facilities. In connection with the road and building construction program, over 50 items of heavy construction equipment have been purchased. Also in the equipment field an additional 50 to 60 pieces of heavy equipment were acquired from military excess sources in Viet Nam, Okinawa, Japan and Thailand. In addition to the above equipment, the Trust Territory acquired from the U.S. Navy six (6) LCU vessels for use in each of the six districts. While this equipment is used extensively in all districts it is expensive to maintain. This is true particularly of the LCU boats and the excess equipment acquired from the Defense Department. The increase of $388,000 in this activity will be used primarily for additional Micronesian staff and parts and supplies to maintain the additional facilities, the LCU boats and the additional equipment.

Emphasis continues on upgrading the skills of the Micronesians to assume the responsibilities of operating and maintaining facilities and equipment being constructed and brought into Micronesia. This is being accomplished through

a concentrated effort in training in the various skills and crafts both on the job and at trade schools in the United States. This effort must be increased if we are to realize our goal of having Micronesians assume full responsibility for these facilities.

The following table lists the Government facilities covered under the Operations and Maintenance Activity.

Facility Description	Area or No.	Maintenance Cost/Unit in Dollars	Annual Total Cost in Dollars
Government Quarters	682,000 S.F.	$ .30	$ 204,600
School Buildings	1,100,000 S.F.	.30	330,000
Hospitals	250,000 S.F.	.40	100,000
Dispensaries including Dental Clinics	135,000 S.F.	.30	40,500
Dormitories	94,000 S.F.	.30	28,200
Warehouses	315,000 S.F.	.20	63,000
Power Plant Buildings	87,000 S.F.	.15	13,000
Garage and Shop Buildings	160,000 S.F.	.20	32,000
Office Buildings	202,000 S.F.	.30	60,600
Fire Stations	11,000 S.F.	.20	2,200
Jail and Constabulary Buildings	12,000 S.F.	.30	3,600
Court Houses	34,000 S.F.	.30	10,200
Reefer Buildings	19,000 S.F.	.30	5,700
Communication Buildings	26,000 S.F.	.30	7,800
Other Buildings	605,000 S.F.	.20	121,000
Vehicles (3/4 Ton and Under)	400 Each	500.00	200,000
Vehicles (Over 3/4 Ton)	170 Each	1,000.00	170,000
Heavy Equipment	190 Each	1,500.00	285,000
Boats 16' and Under (Outboard)	40 Each	50.00	2,000
Boats 16' and Over (Inboard or Outboard)	90 Each	75.00	6,700
Outboard Motors	170 Each	75.00	12,700
Boat Operation and Maintenance	6 LCU	50,000.00	300,000
Boat Operation and Maintenance	200 Misc.	200.00	40,000
Barge Maintenance	3 Each	300.00	900
Airfields	8 Each	23,000.00	184,000
Docks	9 Each	7,000.00	63,000
Roads	300 Miles	300.00	90,000
Garbage and Refuse Collection	9 Locations	20,000.00	180,000
Grounds	500 Acres	100.00	50,000
Custodial and Janitorial Services	200,000 S.F.	.20	40,000
Appliance Repair (Lump Sum/Dist.)	6 Dist.	15,000.00	90,000
Refrigeration	6 Plants	24,000.00	144,000
Air Conditioning	600 Units	75.00	45,000
Capital Equipment Purchase	6 Dist.	36,000.00	216,000
Supervision and O.H.:			
U.S. Employees	38		524,000
Micro Clerical and Supervision	70		175,000
Micro Craftsmen and Operators	693	(Cost included in unit cost)	
Training, Travel and Expenses			87,300
Total Operation and Maintenance			$3,928,000

Forty nine (49) new Micronesian positions are proposed for FY 1972 in the Public Works Operations and Maintenance program. Six of the new positions are needed for the implementation of the policy of phasing out U.S. staff where possible and replacing them with qualified Micronesians. The District distribution of the new positions is as follows: Marianas 17; Palau 14; Yap 1; and Ponape 17. Six U.S. positions will be abolished in FY 1972 as the U.S. staff phase out gets under way.

Staffing:	FY 1971	FY 1972
	17 U.S. Civil Service	17 U.S. Civil Service
	27 U.S. Contract	21 U.S. Contract
	44 U.S. Total	38 U.S. Total
	714 Micronesians	763 Micronesians

The increase of $388,000 includes a Micronesian personnel compensation increase of $286,200 as follows: $93,000 for a salary increase; $100,400 for the 49 new positions; and $92,800 for within grade promotions for ongoing positions. Other increases are $174,900 for additional supplies and materials (POL, spare parts, and other materials of work); and $11,900 in other object codes (primarily contractual services). These increases are partially offset by decreases of $58,300 in U.S. personnel compensation (6 positions abolished, $-87,300; partially offset by within grade increments for ongoing positions, $+29,000); $17,700 in equipment; and $9,000 in recruitment, repatriation and home leave travel.

c. Public Works - Utilities:

FY 1971 $1,820,000, FY 1972 $2,049,000: Increase $229,000

A total of $2,049,000 is required to support Public Works Utilities in FY 1972, an increase of $229,000 over FY 1971.

Under this activity the Trust Territory government provides utility services for not only government buildings and facilities but also to commercial establishments, churches, church schools and private residences within reach of the utility installation. The extent of these services varies in different districts depending upon the size of the utility installed. With the exception of Saipan, the utility service is limited to the area within two or three miles of the district center. With FY 1970 and 1971 funding power and water are being provided to some of the outer islands. The utilities included consist of water, electric power, sewer and telephone service. Telephone service however, is provided only in the district centers.

During FY 1970 and 1971 many improvements have been made in the utility systems and more are under construction or planned for 1972 and future years. Those projects completed or now in progress and which will be completed prior to FY 1972 include power expansion in all districts with power plant installations at outer island locations of Laura in the Marshall Islands, Kusaie, Rota, Tinian, Ulithi, Angaur and Peleliu. Increased water or water and sewer utilities are now being constructed in Majuro, Ponape, Truk, Saipan, Tinian, Rota, Ulithi, Angaur, Peleliu and Koror. New telephone systems have been constructed and are in operation in Koror, Yap and Saipan. New systems are under construction in Truk, Ponape and Majuro. All of these additional utility systems require additional Micronesian personnel to operate as well as supplies, parts and materials

to keep in continued operation. The increased funds included in this budget will be used primarily for additional Micronesian personnel to operate and maintain these expanded and increased utilities and for the necessary POL and work materials.

The following table lists the utility systems that will be in operation during FY 1972 and the required cost of adequate maintenance and operation.

System Description	Size or No.	O&M Unit Cost in Dollars	Annual Total Cost in Dollars
Power Generation	25,500 KW Capacity 80,000,000 KWH Produced	$ .019	$1,280,000
Power Distribution	175 Miles	300.00	52,500
Wells	20 Each	1,500.00	30,000
Pumping Stations	20 Each	1,500.00	30,000
Storm Sewers	25 Miles	300.00	7,500
Sanitary Sewers	28 Miles	500.00	14,000
Water Lines	135 Miles	500.00	67,500
Water Treatment Plants	6 Locations	30,000.00	180,000
Telephone Systems	6 Locations	5,000.00	30,000
Telephone Lines	65 Miles	300.00	19,500
Capital Equipment Purchases	Per District	20,000.00	120,000
Supervision and O.H.:			
U.S. Employees	11		144,900
Micro Clerical and Supervision	25		48,000
Micro Craftsmen and Operators	274	(Cost included in unit cost)	
Training, Travel and Expenses			25,100
Total Operation and Maintenance of Utilities			$2,049,000

Thirty-one (31) new Micronesian positions are proposed for Utilities in FY 1972. These positions are needed to operate and maintain new and/or expanded utility facilities in the Marianas, Palau, Ponape, and the Marshalls. No increase in U.S. staff is required in FY 1972.

Staffing:	FY 1971	FY 1972
	4 U.S. Civil Service	4 U.S. Civil Service
	7 U.S. Contract	7 U.S. Contract
	11 U.S. Total	11 U.S. Total
	268 Micronesians	299 Micronesians

The $299,000 increase consists of: $85,000 increase in Micronesian personnel compensation, the net effect of $36,100 for a salary increase and $48,900 for the 31 new positions plus within grade promotions for ongoing positions; U.S. personnel compensation increases $5,400 for within grade promotions; $87,700 increase in supplies and materials, mainly for POL, spare parts, and other materials of work for the operation and maintenance of new and/or expanded utility facilities; $50,000 for additional equipment and work tools; and $900 in other object codes.

58-160 O - 71 - pt. 1 --56

B. CAPITAL IMPROVEMENT PROGRAM

	Type of Improvement	FY 1971 Current Program	FY 1972 Estimate	Increase + Decrease -
1.	Public Affairs Facilities	$ 155,464	$ 79,000	$ -76,464
2.	Legal Affairs Facilities	9,798	- 0 -	-9,798
3.	Judiciary Facilities	529,519	- 0 -	-529,519
4.	Education Facilities	3,316,778	3,600,000	+283,222
5.	Public Health Facilities	555,681	100,000	-455,681
6.	Transportation and Communications Facilities	3,148,886	7,037,000	+3,888,114
7.	Resources and Development Facilities	327,089	580,000	+252,911
8.	Community Development Facilities	759,432	825,000	+65,568
9.	Water, Sewerage and Power Facilities	7,059,492	7,639,000	+579,508
10.	Maintenance and Rehabilitation Facilities	545,280	800,000	+254,720
11.	General Support Facilities	633,371	- 0 -	-633,371
	TOTAL	$17,040,790	$20,660,000	$+3,619,210

	Type of Improvement	FY 1971 Regular Appropriation	Unobligated Balance	FY 1971 Current Program
1.	Public Affairs Facilities	$ 156,000	$ (536)	$ 155,464
2.	Legal Affairs Facilities	- 0 -	9,798	9,798
3.	Judiciary Facilities	519,000	10,519	529,519
4.	Education Facilities	3,075,000	241,778	3,316,778
5.	Public Health Facilities	400,000	155,681	555,681
6.	Transportation and Communications Facilities	3,098,000	50,886	3,148,886
7.	Resources and Development Facilities	320,000	7,089	327,089
8.	Community Development Facilities	600,000	159,432	759,432
9.	Water, Sewerage and Power Facilities	6,468,000	591,492	7,059,492
10.	Maintenance and Rehabilitation Facilities	550,000	(4,720)	545,280
11.	General Support Facilities	631,000	2,371	633,371
	TOTAL	$15,817,000	$1,223,790	$17,040,790

1. Public Affairs Facilities - $79,000

Funds requested in 1972 will be used for:

a. Transmitter (5 KW), Truk	$79,000

a. Transmitter (5 KW), Truk - $79,000

In 1970 the Marshall Island radio station was increased in power to 10 KW. 1971 will see the installation of a 10 KW transmitter in the Ponape radio station. In 1972 $79,000 will be used to install a 5 KW transmitter in the Truk radio station. This will end a three year power expansion program of broadcast facilities. After the Truk installation, 98.9% of the Micronesian population will be able to hear radio broadcasts from the Government radio stations.

At this time, with Micronesia at the crossroads of its political future, it is essential to be able to reach as many people as possible with informational and educational radio programs. Many of the outer islands in each of the above three districts had no radio programs available to them before the expansion of power. Since radio is the medium that touches all lives, this final installation is necessary.

To support the 5 KW installation an extension is needed on the current building and a larger auxiliary generator is also needed. The total installation can be met with the $79,000 budgeted.

2. Legal Affairs Facilities - $-0-

No funds are requested in 1972 for Legal Affairs Facilities.

3. Judiciary Facilities - $-0-

No funds are requested in 1972 for Judiciary Facilities.

4. Education Facilities - $3,600,000

Funds requested in 1972 will be used for:

a.	Elementary, Trust Territory-Wide	$1,100,000
b.	Secondary, Marshalls	600,000
c.	Secondary, Ponape	800,000
d.	Secondary, Truk	900,000
e.	Secondary, Yap	100,000
f.	Community College of Micronesia	100,000
	Total	$3,600,000

Within the school construction program, emphasis will continue to be placed on the use of simple, less expensive designs that can be built by local labor with minimum supervision. Construction of needed additional classrooms, vocational teaching stations, dormitories, and associated facilities in larger numbers must continue to take precedence over buildings of higher quality. In later years when sufficient classrooms are available for all eligible children, attention can be directed toward qualitative improvements in facilities. The major share of school construction funds requested for 1972 is for the Eastern Districts to continue efforts towards improving from the situation of neglect in past years.

a. Elementary, Trust Territory-Wide - $1,100,000

Of the $1,100,000 requested for 1972, $55,000 will be reserved for renovation and improvement of 100 classrooms, storage, office space, sanitary facilities, and utilities estimated at $550 each; $1,045,000 will be used to construct approximately 53 additional classrooms and 42 replacement classrooms estimated at $11,000 each. Included in this estimate is the cost of sanitary facilities, water cisterns, surveying, engineering and collateral equipment.

Rising costs for labor and materials, as well as additional costs associated with location of schools in less developed areas, makes it necessary to increase the average cost to $11,000 per room in 1972, as compared with $10,000 in 1970 and 1971.

The tentative distribution of additional and replacement classrooms is as follows:

Marianas	0	A +	6	R =	6	Rooms
Palau	5	A +	5	R =	10	Rooms
Yap	2	A +	0	R =	2	Rooms
Truk	15	A +	11	R =	26	Rooms
Ponape	13	A +	8	R =	21	Rooms
Marshalls	18	A +	12	R =	30	Rooms
Totals	53	A +	42	R	95	Rooms

b. Secondary, Marshalls - $600,000

Construction was begun in 1970 on a portion of the first phase of a replacement and expansion program for Marshalls Islands High School, Majuro. Four vocational shops and a 92-bed dormitory are currently estimated to cost $461,000 (including the collateral equipment). Funds are available from 1970 and 1971 appropriations to complete this construction.

The $600,000 requested for 1972 will fund four additional classrooms, dormitory space for 100 students, a building to house the library, administrative and counselling offices, and collateral equipment. Additional funds will be required in future years for two classrooms, two vocational shops, dormitory space for 140 students and collateral equipment. When the work is completed, the school will have the capacity to enroll 500/625 students in grades 9 thru 12 who now must be turned away.

c. Secondary, Ponape - $800,000

Under construction with 1970 funds at Ponape Island Central School are five classrooms, two dormitory buildings (60 beds each), a laundry building, and a conversion of an old dormitory to two classrooms and an audio-visual repair center, estimated at $220,000. The 1971 appropriation of $50,000 will be used to purchase collateral equipment for the construction funded in 1970.

$540,000 of the $800,000 requested for the Ponape District in 1972 will be used at PICS to construct four vocational shop areas, one Home Economics building with 3 teaching stations, conversion of an older building to office spaces, and expansion of the library into the present office space.

Under 1970 funding a start has been made to construct a replaced and expanded high school at Kusaie, including development of on-site utilities and roads and the erection of one 24' x 36' warehouse. The 1970 appropriation of $80,000 will cover a part of the work, which is estimated at $124,000.

The remaining $260,000 of the $800,000 requested for the Ponape District in 1972 will be used at Kusaie to construct two classrooms, administrative offices, a library, and two toilet buildings. When this construction is completed, the new Kusaie High School will have 12 teaching stations, dormitory space for 150 students, a library and administrative offices. The program through 1972 will allow us to abandon the existing poorly built structure at Yehula where there is no room

for expansion. Yet to be funded will be two vocational shops, four additional classrooms, and athletic facilities, which when completed will bring the capacity of the school to 480/600 students.

d. Secondary, Truk - $900,000

At Truk High School in Moen the 1970 program includes seven classrooms and one 56-bed girls dormitory. The 1971 program includes sanitary facilities for a new additional dormitory at an estimated cost of $10,000. The $70,000 available will cover these facilities and the unfinanced portion of the 1970 program.

$460,000 of the $900,000 requested in 1972 will be used to provide additional facilities and renovation of existing structures at Truk High School. This includes 12 additional classrooms ($200,000); one 60-bed dormitory ($60,000); renovation of the existing vocational arts building to provide for instructional space ($20,000); conversion of an existing seven-classroom building to a 100-bed girls dormitory ($20,000); renovation and extension of the present cafeteria to increase its seating capacity to 200 ($100,000); and $10,000 for the renovation of the two existing sanitary facilities at the boys dormitory. The remaining $50,000 will provide for engineering and design and other related costs.

Under construction with 1970 funds is the first increment for the construction of new facilities at Fason high school serving students in the Faichuk area of Truk Lagoon. Five classrooms, one vocational shop, one kitchen, and one dormitory for 72 students are currently estimated to cost $345,000, which is $42,000 above the appropriation of $303,000. The 1971 program provides for the construction of seven classrooms, one vocational shop and one dormitory for 112 students. The 1971 appropriation of $315,000 will cover the cost of the new construction and the unfinanced portion of the 1970 program.

The remaining $440,000 of the $900,000 requested in 1972 for secondary school construction will be used toward the construction of facilities for a new high school on Dublon Island to serve students in the Southern Namoneas area of Truk Lagoon. This first increment will include the construction of eight classrooms, two 78-bed dormitories, one 30' x 60' vocational shop, a 125-seat cafeteria, two 10,000-gallon water tanks, and sanitary facilities for a total estimated cost of $400,000. The remaining $40,000 will cover engineering and design and other related costs. Additional funds for improvement and expansion will be requested in subsequent years. When this construction is completed, the Southern Namoneas high school will be able to accommodate a total population of 200 students, and along with the expansion of facilities at Truk and Faichuk high schools will definitely contribute toward providing greater opportunity to 8th grade graduates for secondary education heretofore denied due to limited facilities.

e. Secondary, Yap - $100,000

Under construction with 1970 funds is the first increment of a replacement high school for Yap Island. Ten classrooms, a toilet building, a vocational building, and a cafetorium are currently estimated to cost $607,000, part of which is covered by the $407,000 made available in 1970.

The $100,000 requested for 1972 will cover the cost of constructing four classrooms and one toilet building at Yap High School. Collateral equipment for this program will be requested in 1973.

f. Community College of Micronesia - $100,000

This school was known as Micronesian Teacher Education Center until June 1970. It is located on school land reserved for expansion of Kolonia Elementary School, Ponape Island. It now serves 108 pre-service teachers from all districts who receive two years of training. A 100 acre site in Palikir, Sokehs Municipality has been selected. Construction is scheduled for 1973 and succeeding years.

Of the $100,000 requested in 1972, $16,000 will be used to fund a master site plan. The remaining $84,000 will be used for a complete building and utility design and associated A and E work for the first increment of a college plant, expected to serve over 200 full time students and 150 part-time students. The first increment will include dormitory space for 200 students, 8 general purpose classrooms, a special education laboratory, a multi-science lecture laboratory, a practical arts shop, a language laboratory, an administrative/counseling building, a library-materials center, a food-service/student union building, and maintenance service support buildings. The Trust Territory anticipates seeking matching funds available under provisions of the Higher Education Act.

5. Public Health Facilities - $100,000

Funds requested in 1972 will be used for:

a. Dispensaries	$100,000

a. Dispensaries - $100,000

There are presently 147 dispensaries in the Trust Territory. Most need to be replaced or expanded and there are requirements for new ones. Of the existing facilities, nearly half are squalid, dirty structures made of thatch or discarded corrugated sheeting. This is where the mass of medical care is rendered. With the $100,000 requested in 1972, ten dispensaries can be built at $10,000 each. In 1970, using the self-help techniques developed by the Grant-in-Aid people, 19 (6 new and 13 replacement) dispensaries were placed under contract for $100,000.

The Grant-in-Aid approach used in the 1970 program leaned heavily on the use of community donated labor. In 1971 and 1972 encouragement will be given to local contractors to build dispensaries with local labor that is paid for. The paying for labor should assist in a modest economic buildup in those communities.

6. Transportation and Communications Facilities - $7,037,000

Funds requested in FY 1972 will be used for:

a.	Roads	$1,100,000
b.	Airfield, Majuro	1,772,000
c.	Airfield, Palau	600,000
d.	Airfield, Yap	600,000
e.	Airfield, Saipan	400,000
f.	Dock and Harbor, Kusaie	800,000
g.	Dock, Ponape	500,000
h.	Inter-Island Ships	638,000
i.	Communications System, Palau	300,000
j.	Telephone Systems	160,000
k.	Warehouses	167,000
	Total	$7,037,000

a. Roads - $1,100,000

The $1,100,000 requested in road construction in 1972 will permit further progress within the long-range road rehabilitation and construction program. There currently exists about 367 miles in all islands which range from paved roads in fair condition to washed-out and over-grown trails which are not passable.

A road construction survey by an outside consultant has just been completed, which covered the main highway systems in the Palau, Yap, Truk and Ponape Districts. This has resulted in revised estimates upwards for the development of all-weather roads, as well as for the break-through of new roads systems in certain island areas which will later be followed by permanent surfacing. The paving of four miles of road through the heart of Majuro as part of the new airfield-water system program, funded in 1970, will run approximately $45,000 per mile.

To the extent possible in the 1972 road project, a portion of the roads will be paved. Where funds or conditions do not permit, the sub-base, supplemented with coral or aggregate surfacing, will be developed which will provide sound road beds available for paving at a later date. Included within all road costs are culverts and ditching. The work will be carried out wherever possible through locally-trained Micronesian organizations, utilizing Government-furnished equipment now available or being procured. Road improvements and construction in 1972 are scheduled for the following locations and projects in the following allocations:

Saipan, Mariana Islands District $50,000

First increment of paving for the Kagman Road.

Babelthuap Island, Palau District $250,000

Continuation of the West Coast Road System north from Ngaremlengui to Ngarrard.

Yap Island, Yap District	$250,000
Surfacing of the Gagil-Tomil Road System.	
Moen Island, Truk	$175,000
Continuation of the improvements of the Moen Circumferential Road east from South Field.	
Kusaie Island, Ponape District	$125,000
First increment of the new Tafensak Road.	
Ponape Island, Ponape District	$250,000
Continuation of the Ponape Circumferential Road.	

b. Airfield, Majuro - $1,772,000

A new airfield is under construction in Majuro using funds appropriated in 1970 and 1971. Funds of $1,772,000 requested for 1972 will complete this project based upon the present design for a 7,000-foot paved airfield including terminal facilities, lighting and advanced navigational equipment. The new airstrip, as designed, incorporates use of the runway as a water catchment surface integrated with the new water system currently under construction. Additional funds for the latter project are also requested for 1972 under Water, Sewerage and Power.

c. Airfield, Palau - $600,000

The current airfields in both Palau and Yap are inadequate for jet aircraft. Both are now serviced only by propeller craft. Construction of modern jet airfields will be of material aid in stimulating economic development in both districts.

Preliminary estimates indicate that $1,700,000 will be required to renovate and upgrade the present field located on Babelthaup Island in Palau to meet FAA standards and permit the use of 727 jet aircraft. Funds of $600,000 are requested in 1972 as an initial increment of this work which will include required design and engineering activities together with mobilization of work force and equipment site preparation and commencement of earthwork. Further incremental funding estimated at $1.1 million will be requested in future years.

d. Airfield, Yap - $600,000

Preliminary estimates indicate that $2.3 million will be required to relocate and construct a new airfield in Yap capable of handling 727 jet aircraft to FAA standards. Funds of $600,000 are requested in 1972 as an initial increment of this project. Activities in 1972 will include land acquisition, design and engineering, mobilization of work force and equipment, and commencement of cutting and filling to grade. Based upon completed design work, additional funding increments will be requested in future years to complete this project.

e. Airfield, Saipan - $400,000

An amount of $400,000 is requested in 1972 to finance the initial installation of a program to rehabilitate Isley Field and bring it eventually to FAA-recommended standards for an international airfield. The long-range program contemplates renovation or reconstruction of a dual runway/taxiway, clearance of appropriate areas, including aprons and safety zones, and provisions for utilities, terminal and parking facilities, access roads, navigation aids, and boundary fencing. The decision to move from Kobler Field to Isley is dictated by engineering considerations of the long term unsuitability of the runway base for Kobler, as well as by the prospect of receiving substantial assistance from the military. This program assumes that an agreement for the use of Isley Field can be reached with the military prior to the commencement of actual work on the project.

Kobler Field is rapidly deteriorating and prompt action is indicated to provide the necessary services as well as to reduce the risk of a major accident. Kobler cannot be restored to good condition without suspending air operations for one to three months. Rehabilitation of Isley can be accomplished economically if the military construction materializes. In the event military assistance is not forthcoming, we propose to commit $100,000 to start the clearing at Isley in 1972 and reconstructing the taxiway and apron. The other $300,000 will be used to procure lighting, navigational aids, and fire and rescue equipment. We will request approximately $1,000,000 in future years to complete the construction of the first phase of Isley for use after completion of this work.

f. Dock and Harbor, Kusaie - $800,000

The island of Kusaie contains a population of more than 4,000 people. More than $1,000,000 in new construction is either underway or scheduled for 1972 in hospital construction, new high schools and elementary schools, water and power utilities, warehouses, and roads. The existing natural harbor at Lelu has not been developed sufficiently, however, to permit the entry of medium or large size vessels into the port and to permit service to the island. In addition to dredging operations, the construction of adequate dock and warehousing facilities will be required. Preliminary engineering studies are currently underway which will provide final estimates for this harbor. The $800,000 requested in 1972 will cover the final design and engineering and will provide funds for the more important facilities such as a major causeway and the dock to enable the project to move forward in its first phase, pending the final estimates of funds to complete the project in fiscal years 1973 and 1974. The availability of a dock and harbor in Kusaie will make it possible to program subsequent capital improvement projects at less cost.

g. Dock, Ponape - $500,000

Funds of $300,000 were provided in 1971 for the first phase of the Ponape Dock, which includes 500 feet of sheet piling, a concrete cap, working apron and necessary deadmen and bollards for the new facilities at Takatik Island in Ponape adjacent to the new Takatik Airport.

Funds of $500,000 are requested in 1972 to complete this project. This will extend the piling, concrete capping and concrete apron by an additional 500 feet

(making a total of 1,000 feet in all), and will include other facilities required to ensure a dock which can handle major shipping and cargo.

It is planned to complete this project prior to start of major construction at Ponape which will include the new Ponape Referral Hospital to be started in 1973. When complete, the new dock will make it possible to discontinue lightering of all cargo in Ponape.

h. Inter-Island Ships - $638,000

Four of the nine vessels in the Trust Territory fleet are past their useful life of twenty years and must be replaced. All vessels are more expensive to operate than a properly designed ship. Funds requested here will provide for the final design plans, construction and acquisition of one prototype inter-island ship. These will be of special inter-island design with adequate accommodations for 20 cabin and 100 deck passengers, 300 to 400 ton cargo capacity, and a speed of 12-13 knots.

The operational, maintenance, and shipyard costs of continuing the World War II vessels in service becomes increasingly magnified with each day they continue to operate. The ships machinery is of varied manufacture, American, Japanese, British and German, with some repair parts no longer being manufactured. Their seaworthiness and safety are questionable as it becomes increasingly more difficult to obtain appropriate certificates from the classification societies and obtain letters of inspection from the U.S. Coast Guard under the terms of an inspection agreement between them and the Trust Territory Government.

i. Communications System, Palau - $300,000

Funds of $300,000 are requested in 1972 to construct the Palau communication system. Modernization of this facility was originally included in the Trust Territory-wide communications program. However, due to land acquisition difficulties, the Palau portion of this contract was cancelled. This land acquisition problem is being resolved and we propose to proceed with the construction of these facilities during 1972.

Until such time as Palau is completely modernized with the same sophisticated equipment and circuitry as the remainder of the facilities within the Trust Territory, this station will of necessity retain the old antiquated type of operation it now has, i.e., slow speed tele-typewriter only, with no telephone or other service. In order to fit into the modern high speed system being installed at other locations, Palau will have to be equipped to be compatible with all other stations in this system. The requested $300,000 will be used for construction of buildings, antennas, transmission lines, electronic equipment procurement and installation, and supporting costs. The project includes a receiver-control facility and a transmitter facility.

j. Telephone Systems - $160,000

In 1967 the start was made to expand the telephone systems in the Yap and Palau districts, following the Typhoon Sally disaster in that area. In 1969 funds were provided for the expansion of the system in Saipan to meet the demands of

an increased population, the new hotels, and new businesses. In 1970 new exchanges and cable distribution systems were started in the Truk, Ponape and Marshalls district to meet the initial demands created by the expanding populations and commercial enterprises.

Funds of $60,000 are requested for 1972 to expand cable distribution and improve telephone service to 900 subscribers on Saipan. This involves the addition of telephone cable, miscellaneous pole line hardware, splice cases and terminals, and test equipment to provide the capability of fault finding and equipment trouble diagnosis.

An amount of $50,000 is requested in 1972 for Palau to expand the Koror telephone system by adding 200 lines of automatic dial equipment to the present 100 line system. This will provide service for an additional 400 subscribers and improve service to a total of 550 subscribers. Cable distribution is also to be expanded on this improvement project. The present system is 100% committed and cannot be expanded further without additional funding.

Also included in the 1972 request is $50,000 in Yap for additional equipment and cable to provide 200 more lines to enable the district to give private line service to private businesses and remove residential party lines from private business and official telephone lines. This will provide improved service for 150 subscribers and new service for 200 subscribers.

k. Warehouses - $167,000

Of the requested $167,000, $67,000 is needed for the port of Saipan for resurfacing the dock area so that forklift trucks can be used to transport loads from the ship to an additional presently available warehouse. In addition, the security fence will be moved and extended to provide protection against the high rate of pilferage experienced in the Trust Territory. The port of Saipan is the major transshipment port in the Territory and the availability and efficient use of 8,000 square feet in the port area warehouse will be a major benefit to cargo destined for Yap and Palau as well as the Marianas.

The amount of $100,000 will be used to provide 10,000 square feet of additional district center warehousing in Majuro and two to five outer-island copra warehouses. Three copra warehouses are planned for islands in the Marshalls, and two for Truk. These warehouses are necessary for rat-free storage pending the arrival of the inter-island trading ships.

7. Resources and Development Facilities - $580,000

Funds requested in 1972 will be used for:

a.	Ice and Cold Storage Facilities	$250,000
b.	Central Land Records Vault	30,000
c.	Rice Project, Ponape	300,000
	Total	$580,000

a. Ice and Cold Storage Facilities - $250,000

An amount of $250,000 is requested in 1972 for Ice and Cold Storage Facilities. All districts within the Trust Territory have indicated a high-priority need for freezer plants as a vital first step in development of the Territory's marine resources.

As one example, at the First Truk Marine Resources Conference held in April-May, 1970, it was recommended that everything possible be done to implement the construction of a large ice and cold storage facility on Moen to serve as the center for the development of the marine resources of the district. The Congress of Micronesia has also urged accelerated construction of such facilities in all districts.

A standard design has been developed for the needed facilities and includes a frozen storage plant of 100 ton capacity, an ice-making capability of five (5) tons per day with storage space for 50 tons, an ice crusher, three (3) regular freezing units, and a blast freezer for fast cooling.

With funds of $100,000 appropriated in 1970, a start was made toward providing identical facilities of the standard design on Ponape and Truk. One plant of this type costs $175,000, but the Trust Territory agreed to finance a proportionate share of both plants with the contractor financing the balance to provide operating facilities in both locations at the earliest possible time. The Government intends to purchase the interest of the contractor and funds of $250,000 are requested for this purpose in 1972.

b. Central Land Records Vault - $30,000

$30,000 is requested in 1972 for the construction of a Central Land Records Vault on Saipan, with office space for the Central Land Registry. This facility will house copies of all land records and transactions for all six districts.

A central registry is needed for access of all Trust Territory land records, and so a second set of records is available in case District records are unavoidably destroyed. The facility must be air-conditioned with controlled humidity for preservation of the land documents.

c. Rice Project, Ponape - $300,000

Funds of $300,000 are requested for 1972 to establish a rice development project on Ponape. The Trust Territory imports approximately 1.2 million dollars worth of rice per year. Much of this rice can be produced on a commercial scale in the

Ponape District. The production cannot be fully mechanized due to the soft ground conditions; however, the back-breaking labor of initially clearing the jungle, digging drainage and irrigation ditches can be accomplished with adapted machinery and equipment.

This initial capital investment is only the beginning of a coordinated rice development program with an eventual capital investment of one million dollars. This first increment will get approximately 300 acres of rice into production with an annual market value of about $150,000. Full production will be achieved in Fiscal Year 1974, if all factors of production are available simultaneously, i.e., farm loans, capital investment, labor and management.

The main cost of development will include roadways, irrigation and drainage ditches, land clearing, building of dams, land leveling and terracing where necessary, paddy development, installation of pumps and water lines for drainage and irrigation where canals or ditches are not feasible. To do the above will require machinery and equipment adapted and modified to the soft soil conditions of Ponape. Specially trained personnel in rice paddy engineering will be needed plus trained operators of the special type machinery and equipment. In addition, rice milling machinery, storage buildings and drying facilities will need to be added as production increases.

There must be available ample funds in the EDLF to make low interest long-term loans to qualified rice farmers. These loans should all be handled and processed in the district with minimum delay after a farmer has been selected as recipient of a parcel of paddy land. These land parcels will be allotted to qualified farmers on a long-term lease arrangement with options for renewal.

8. Community Development Facilities - $825,000

Funds are requested in 1972 for:

a. Bikini Rehabilitation Program	$125,000
b. Civic Action Teams	700,000
Total	$825,000

a. Bikini Rehabilitation Program - $125,000

$125,000 is requested in 1972 for the continuation of the Bikini Rehabilitation Program. Funds appropriated in 1970 cover the program through 1971. By the beginning of FY 1972, the planting of coconut trees and other food crops will have been completed. Forty (40) core houses, currently financed and under construction, are due for completion in 1972.

The funds requested herein are for the construction of 40 outhouses, 40 bath houses, 15 cook houses, and 10 water storage tanks and for maintenance of the young groves, and for maintaining the small administrative unit on Bikini. Additional funding will be sought in subsequent years to complete the construction and for the resettlement of the people.

b. Civic Action Teams - $700,000

$700,000 is requested in 1972 to continue the Civic Action Teams program. Seven (7) teams will be active in the six districts at an annual cost per team of $99,000 to the Trust Territory. The teams are self-contained and can camp and work in remote areas without modern conveniences. They have available to them all the necessary equipment to accomplish planned projects and work effectively in this self-help program.

The utilization of the Civic Action Teams in the Trust Territory has fulfilled one of the long felt needs here in the Trust Territory, namely, the need for the introduction of small scale and/or village level construction capabilities into the remote communities of Micronesia. While it is recognized that the long range needs of Micronesia in the training of the various skills and the development of a territory-wide infrastructure, which must require several years to fund, should continue to receive top priority, the use of the Civic Action Teams has permitted us to meet the more practical and immediate needs of the villages for small scale maintenance and construction jobs, such as repair of dispensary and elementary school facilities, deepening of waterways, causeway and bridge construction, clearing of trees and brush for playground, development of village water system, etc. As these projects progress through the various stages of development those Micronesians who are directly participating in the activities are receiving training simultaneously.

9. Water, Sewerage and Power Facilities - $7,639,000

Funds requested in 1972 will be used for:

a. Water and Sewerage, Majuro	$1,500,000
b. Water and Sewerage, Palau	1,389,000
c. Water and Sewerage, Ponape	2,200,000
d. Water and Sewerage, Saipan	250,000
e. Water and Sewerage, Kusaie	200,000
f. Power, Trust Territory-Wide	2,100,000
Total	$7,639,000

Funds of $5,539,000 are requested in 1972 for continuation of water and sewerage projects throughout the Trust Territory. This program has been planned so that each district center and centers of population in outer islands will be supplied with potable water of sufficient quantity and quality together with an adequate sewerage system.

Most of the water and sewerage projects are undertaken simultaneously under joint contracts to take advantage of economies in construction. Accordingly funds are requested for both water and sewerage, but the estimated cost of each is noted in the project justifications.

a. Water and Sewerage, Majuro - $1,500,000

Funds of $1,500,000 are requested to develop further the Majuro water system. The relocation of the Majuro airfield, approximately eight miles from the district center and initial points of water consumption, has resulted in an increase in the cost of the first phase portion of the water development program. Because of this relocation and resultant cost increase, sufficient moneys were not available in the 1970 appropriation to completely develop and utilize the airfield runway as the primary water catchment source as planned. Although minor sources of supply will be developed on an interim basis in 1970 within the district center, from which rationed water will be made available to the district hospital, nigh school complex, and population at large, completion of the runway water catchment development and eight miles of tie-in transmission lines must be accomplished in 1972 if potable water is to be made available to all of Majuro's 6,000 population on a continuous basis.

Water distribution pipe lines, elevated storage for water pressure, and minor water development are being obtained under the 1970 program. Funds requested in 1972 will provide for completion of the airfield runway for utilization as a rain-water catchment source, construction of necessary additional water storage and treatment facilities, and installation of eight miles of water transmission pipe line between the airfield and district center.

b. Water and Sewerage, Palau - $1,389,000

Funds of $1,389,000 are requested in 1972 for further work on the Palau water and sewerage system.

Approximately $700,000 of the $1,389,000 requested for 1972 is required to complete the water system for Koror and neighboring environs. Under the 1970 program the main transmission pipeline from the new Gihmel Dam water source to and through Koror is being installed, as well as a small portion of the distribution pipeline system. The 1972 program provides for the installation of the remaining and major portion of the distribution system (necessary for water to be actually made accessible to the population) and includes extending the water system to the populous neighboring villages of Airai, Malakal and Arakebesan with the installation of water storage reservoirs and transmission and distribution pipelines. Completion of the work will permit full time, dependable, potable water service to the area's 7,000 residents.

Approximately $689,000 of the $1,389,000 requested for 1972 is needed to complete the currently planned sewerage system for Koror. Construction underway with 1970 funding will provide all the major trunk sewer lines, as well as sewage collection pipelines. The 1972 program provides for the major portion of the Koror sewage collection system including construction of lift stations and ejector stations. Completion of this work will increase by more than twice the population able to receive seweraging and will service over 75% (5,000) of the Koror population. Further seweraging is anticipated under the continuation of the program in future years for the neighboring environs of Koror.

c. Water and Sewerage, Ponape - $2,200,000

Funds of $2,200,000 are requested in 1972 for the water and sewerage systems for Kolonia and environs, Ponape.

The 1972 request will provide for installation of required distribution pipelines system in Kolonia, as well as in Sokehs Island and Net Municipality.

The planned sewerage system for Kolonia will provide for the rehabilitation and extension of the existing sewerage system now serving the administration area, district hospital and Catholic Mission, as well as providing sewage treatment. However, no residential Ponapean communities will be served by these improvements. The 1972 program will provide sewage collection, transmission and treatment for the areas of Kolonia.

This increment will provide for a system to service most of Kolonia's residents. Because of inadequate housing and general lack of plumbing, community sanitary facilities will be developed as part of this program.

58-160 O - 71 - pt. 1 --57

d. Water and Sewerage, Saipan - $250,000

This request for 1972 includes $250,000 for water and sewerage on Saipan, all of which is required for the currently planned sewerage improvements begun with FY 1968 Supplemental funds.

As part of the extensive sewerage accomplished on Saipan, two raw sewage outfalls were provided in anticipation of eventual sewage treatment. The Garapan outfall discharges raw sewage into protected Garapan Harbor in the vicinity of local housing developments and a popular shallow beach area. The second outfall, at Agingan Point, although outfalling in turbulent waters beyond the reef, presents a clear danger to the coastal inhabitants on the southern portion of Saipan. Tide and current studies indicate that periodically, outfalled material will wash ashore on the southern beaches.

Provision of sewage treatment facilities to eliminate these two raw sewage outfalls (including site development, interconnecting piping. and other related appurtenances) will require a total of $900,000.

e. Water and Sewerage, Kusaie - $200,000

An amount of $200,000 is requested in 1972 for water development for the Tofol-Lelu area on Kusaie Island, Ponape District.

This program is responsive to the needs for safe potable water of the more populated areas in the outer islands beyond district centers. At least 120 communities ranging in population from 100-2,000 must be provided with water supply improvements. For the most part, such improvements involve developing catchment areas, erecting storage tanks, excavating shallow wells, installing pumps, providing water treatment, and constructing limited distribution systems. Each community exhibits different problems of water supply and utilization and requires different features in its water system.

Kusaie, with a land area of 42 square miles and population of 4,000 people, is one of the largest and more populous islands of Micronesia. As a sub-district center of the Ponape District, significant commitment for community facilities (hospital, schools, etc.) and administrative facilities has begun. However, no water development, other than individual roof catchment systems, currently exists on Kusaie.

The $200,000 requested for 1972 will develop a dependable water supply to Tofol and Lelu villages. These two areas make up approximately 50% of the total island population, as well as including the island's hospital, school complex and administrative area. Because of the year round rainfall, no storage facilities are proposed. The water system will consist of an inland intercepting dam, and pipelines to each area. Water distribution within the areas will be provided.

f. Power, Trust Territory-Wide - $2,100,000

The 1972 request for power funds totals $2,100,000 and carries forward the long-range program to provide dependable electric power to the principal inhabited islands on a schedule commensurate with actual and forecast demand. Overall

power demand in 1972 for the Trust Territory district areas is expected to be 14,700 KW, an increase of 2,400 KW above the 1971 level.

Replacement of worn-out units will require additional new generating capacity of 1,700 KW. Of the $2,100,000 requested for power, $1,055,000 is needed to procure generators with a capacity of 4,250 KW to meet the above requirements.

The electric power plants in four districts must be expanded where possible or relocated if necessary to accommodate installation of additional equipment. A total of $425,000 is requested in 1972 for these facilities.

Installation of new main distribution lines and reconstruction of the more seriously deteriorated existing lines will require $520,000.

The system expansions proposed for 1972 will accommodate projected government and commercial requirements as well as bringing residential service to an additional 1,200 families. Service will thus be made available to 64% of district center households, up from 47% in 1971.

The balance of $100,000 is requested for continuation of power systems in the outer islands beyond district centers. This program is currently designed to install simple generating plants of 25-50 KW in the more populated outer islands such as the sub-district centers. At an average cost of $50,000 each, two communities can be provided power for schools, dispensaries, and a limited number of houses.

Estimated usage of the $2,000,000 funding requested for District Centers Power (dollar amounts in thousands) is:

	Ponape	Marshalls	Marianas	Yap	Palau	Truk	Total
Generating capacity	...	$170 (750-KW)	$600 (2,500-KW)	...	$285 (1,000-KW)	...	$1,055 (4,250-KW)
Relocation or Expansion	$120	120	...	$120	65	...	425
Line Improvements	40	...	...	...	...	$125	165
Line Installation	40	10	100	80	50	75	355
Total	$200	$300	$700	$200	$400	$200	$2,000

10. Maintenance and Rehabilitation Facilities - $800,000

Funds requested in 1972 will be used for:

a.	Heavy Construction Equipment	$200,000
b.	Emergency and Minor Construction	200,000
c.	Road Construction Equipment	400,000
	Total	$800,000

a. Heavy Construction Equipment - $200,000

Heavy construction equipment is being acquired by the Trust Territory Government for use by its own labor force as well as for rental to contractors, municipalities, and private users. Savings in large contracts are possible when the contractor can rent heavy equipment rather than bringing his own. Local contractors do not have the funds for buying their own heavy equipment and large construction projects cannot be performed without it.

In 1972, $200,000 is required to replace several items of heavy equipment which were acquired from military surplus and have long since become uneconomical to repair. This antiquated equipment is still being utilized at an extremely high maintenance cost with a great loss in down time and efficiency. The expanded and accelerated construction program, improvement projects, and maintenance programs require modern equipment for successful completion. Funds requested here will provide two 25-ton mobile cranes (for Yap and Palau), and one D7 Tractor Bulldozer for Palau.

b. Emergency and Minor Construction - $200,000

Funds are requested in this category to provide for unforeseen projects which arise every year and require immediate attention. These are usually small projects in a range of $10,000 to $25,000, and are usually of an emergency nature which will not permit a delay to await a reprogramming of other construction funds. In addition, public facilities are sometimes damaged or destroyed as a result of tropical storms which are not of sufficient magnitude to warrant a request under the Federal Disaster Act. In such cases, these funds will give partial assistance to permit immediate reconstruction.

c. Road Construction Equipment - $400,000

The Trust Territory Government is embarking upon a major program of road construction and repair. This expanded and accelerated program will require a basic pool of road building equipment for road construction, reconstruction, and paving. Much of the road construction equipment now on hand is overage military surplus which has already far exceeded its normal life expectancy.

Of the $400,000 requested, about $60,000 is earmarked for the repair and transportation of excess road construction equipment to be procured from U. S. Department of Defense agencies in Vietnam and Okinawa. The balance will be used to purchase such items as Road Rollers, Air Compressors, Dump Trucks, Aggregate Spreader Boxes, Road Brooms, and Bulldozers.

The only existing paved roads in the Trust Territory are on Saipan and Tinian. These roads were paved by the military and they now need extensive repair. Funds requested here will provide some of the equipment necessary for extending the benefits of paved roads to some of the other more densely inhabited district centers.

11. General Support Facilities - $-0-

No funds are requested in FY 1972 for General Support Facilities.

STATEMENT OF

REIMBURSEMENTS AND OTHER OPERATING INCOME

Source	FY 1970 Actual	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
Transportation Fees	$ 9,879	$ 10,000	$ 10,000	$ - 0 -
Medical and Dental Fees	72,685	74,000	75,000	+1,000
Agriculture Products Sales	22,927	24,000	25,000	+1,000
Utilities - Sales of Power	81,884	80,000	84,000	+4,000
Utilities - Sales of Water	11,189	13,000	13,000	- 0 -
Utilities - Sales of Telephone	1,717	1,000	1,000	- 0 -
Commercial Cablegrams Income	137,523	78,000	82,000	+4,000
Miscellaneous Sales and Services	34,178	15,000	10,000	-5,000
Other Reimbursements and Income	20,723	5,000	- 0 -	-5,000
TOTAL	$392,705	$300,000	$300,000	$ - 0 -

Trust Territory of the Pacific Islands

Analysis of Funds Available Within Trust Territory from Other Federal Agencies

	FY 1971 Estimate	FY 1972 Estimate
Health Program (H.E.W.):		
Comprehensive Health Planning	$ 76,800	$ 88,100
Prevention and Control of Communicable Disease	83,300	55,900
Health Planning Services	376,800	420,300
Mental Health	66,500	74,100
Total, Health Program	603,400	638,400
Education: 1/		
Elementary and Secondary Education Act, 89-10	1,472,000	1,338,000
Library Services and Construction Act, 89-511	56,000	56,000
Adult Basic Education Act, 89-750	80,000	64,000
Manpower Development and Training Act, 87-415	77,000	77,000
Education Professional Development Act, 89-329	40,000	40,000
Vocational Education Act, 90-576	270,000	250,000
National Defense Education Act, 89-10	54,000	54,000
National School Lunch Act	10,000	10,000
Total, Education	2,059,000	1,889,000
Resources and Development (DOD-USAF):		
Agriculture:		
Animal Health Service	24,000	24,000
Labor (Department of Labor):		
Manpower Development and Training, 87-415	23,000	23,000
Protection to Persons and Property (H.E.W.):		
Juvenile Delinquency Prevention and Control	16,055	- 0 -
Public Works (O.E.P.):		
Disaster Relief to Individuals	34,150	- 0 -
Public Affairs:		
Community Development: 2/		
Territorial Economic Opportunity Office	25,000	25,000
Micronesian Legal Services Program	250,000	250,000
Micronesian Community Action Directors Organization	75,000	75,000
Trust Territory Office on Aging	93,300	121,300
Community Action Agencies:		
Marianas	205,000	226,000
Marshalls	175,000	180,000
Truk	84,000	104,000
Ponape	110,000	136,000
Palau	149,000	158,000
Yap	80,000	88,000

	FY 1971 Estimate	FY 1972 Estimate
Head Start Program	$ 488,000	$ 488,000
Neighborhood Youth Corps	198,000	234,000
Total, Community Development	1,932,300	2,085,300
Administration:		
Procurement and Supply:		
U.S.D.A. Food (includes freight)	1,300,000	1,400,000
Peace Corps	1,450,000	1,200,000
TOTAL OTHER FEDERAL FUNDS	$7,441,905	$7,259,700

1/ All from H.E.W. except National School Lunch Act which is U.S.D.A.

2/ All funds are from the Office of Economic Opportunity except Aging which is from H.E.W., and Neighborhood Youth Corps which is Labor.

Trust Territory of the Pacific Islands

Saipan Utilities Agency

	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
Operating Costs:			
1. Salaries - U.S.	$ 14,100	$ 14,700	$ +600
2. Salaries - Micronesians	197,500	217,400	+19,900
3. Fuel	405,000	409,200	+4,200
4. All Others	115,400	155,700	+40,300
Total Operating Costs	$732,000	$797,000	$+65,000
Income:			
1. Grant Fund Subsidy	$504,000	$551,000	$+47,000
2. Revenues from Sales	228,000	246,000	+18,000
Total Income	$732,000	$797,000	$+65,000

Saipan Trust Fund
Balance Sheet
June 30, 1970

ASSETS

Cash:		
Cash in Bank, Saving Account, B/A, San Diego		$ 7,943.52
Cash in Bank, Checking Account, B/H, Guam		4,505.53
Undeposited Cash, B/A, San Diego		130.50
Time Certificate of Deposit - B/A, @5%, due 9/12/70		30,000.00
Time Certificate of Deposit - B/H, @6-1/4%, due 9/29/70		5,000.00
Time Certificate of Deposit - B/H, @7%, due 10/16/70		100,000.00
Time Certificate of Deposit - B/H, @6-1/4%, due 11/29/70		10,000.00
		157,579.55
Investments - Saving Account TDOA #13, B/H, Guam		94,096.59
Investments - Securities B/A Trust Dept. San Diego		117,056.48
Loan Receivable - Mariana Islands Housing Authority		130,000.00
Accrued Interest Receivable - Loan w/MIHA		9,775.16
Total Assets		$508,507.78

CAPITAL

Capital	$419,960.36	
Retained Earnings	88,547.42	$508,507.78
Total Capital		$508,507.78

Statement of Income (Loss) and Retained Earnings
for Period July 1, 1969 - June 30, 1970

Income:	
Interest Income	$ 13,067.55
Dividend Income	135.00
Total Income	$ 13,202.55
Expense:	
Agent's Fee	$ 7.81
Net Gain	$ 13,194.74
Retained Earnings at July 1, 1969	75,352.68
RETAINED EARNINGS AT JUNE 30, 1970	$ 88,547.42

Copra Stabilization Fund
Balance Sheet
June 30, 1970

ASSETS

Cash:	
Checking Account, B/H, Guam	$121,020.15
Time Certificate of Deposit - B/H, @6-1/4%, due 6/29/70	350,000.00
Time Certificate of Deposit - B/A, @4-1/4%, due 7/18/70	100,000.00
Time Certificate of Deposit - B/A, @5%, due 7/19/70	25,000.00
Time Certificate of Deposit - B/A, @7%, due 8/18/70	100,000.00
	696,020.15
Advance to United Micronesia Development Association	200,000.00
Account Receivable - Due from UMDA	334.54
Prepaid Copra Export Tax	48,711.15
Total Assets	$945,065.84

CAPITAL

Retained Earnings	$945,065.84

Statement of Income (Loss) and Retained Earnings
for Period July 1, 1969 thru June 30, 1970

Income:	
Profit on sale of Lots	$ 57,218.29
Sales of Bags	544.50
Interest Income on Time Certificates of Deposit	28,343.30
Total Income	$ 86,106.09
Expenses:	
Per Diem and Transportation	$ 931.25
Purchase of Empty Bags	29,154.37
Salaries	4,431.30
Net Gain	$ 51,589.17
Retained Earnings at July 1, 1969	$879,726.20
Prior Years Adjustment of Prepaid Copra Export Tax	13,750.47
RETAINED EARNINGS AT JUNE 30, 1970	$945,065.84

Economic Development Loan Fund
Balance Sheet
June 30, 1970

ASSETS

Cash:		
Checking Account		$ 134,919.72
Time Certificate of Deposit - 5%, due 8/1/70		100,000.00
Time Certificate of Deposit - 6-1/2%, due 8/28/70		100,000.00
Time Certificate of Deposit - 6-3/4%, due 9/28/70		100,000.00
Time Certificate of Deposit - 7%, due 11/20/70		300,000.00
		$ 734,919.72
Loans Receivable	$ 648,746.22	
Less: Reserve for uncollectible loans	128,331.51	520,414.71
Account Receivable (Guaranteed Loans in Default)		2,052.81
Total Assets		$1,257,387.24

CAPITAL

Appropriation	$1,293,909.22	
Retained Earnings	(36,521.98)	$1,257,387.24
		$1,257,387.24

Economic Development Loan Fund
Cash Available for Direct Loans
June 30, 1970

Total Cash	$ 734,919.72
Less: Cash reserve required for Guaranteed Loans (25% of $561,569.83)	140,392.45
CASH AVAILABLE FOR DIRECT LOANS	$ 594,527.27
Less: Loans approved by Economic Development Loan Fund Board, but not yet consumated:	
Direct Loans	373,546.00
Guaranteed Loans (25% of $490,674.00)	122,668.00
Cash Available for further Loans	$ 98,313.27
Less: Reserve for districts' use ($10,000.00 each x 6)	60,000.00
NET CASH AVAILABLE FOR LOANS	$ 38,313.27

Print Shop
Estimated Revenues and Obligations
Fiscal Year 1972

	FY 1972 Estimate
REVENUES	$212,000
Obligations by Object Classifications:	
Personnel Services - Stateside	$ 15,600
Personnel Services - Micronesian	41,000
Personnel Benefits	2,000
Travel	4,800
Rental, Communications and Utilities	9,300
Other Services	17,300
Supplies and Materials	98,000
Acquisition of Capital Equipment	24,000
Sub-Total, Estimated Obligations	$212,000
Net Revenues	$ - 0 -

CONGRESS OF MICRONESIA

Pursuant to the Secretary of Interior's Order 2882, the Congress of Micronesia was created on September 28, 1964, consisting of two Houses, the Senate and the House of Representatives. The Senate is composed of 12 Senators, two from each of the six administrative districts, elected for a term of four years. The House of Representatives is composed of 21 Representatives, elected on a population basis from each of the twenty-one representative districts for a two-year term. Up to July 26, 1968, four amendments were issued which made several significant changes to the Order.

On December 27, 1968, Secretary Order 2918 was issued and consolidated previous Trust Territory Orders, and their amendments, into a single document. The Legislature provisions, formerly contained in Order 2882 and its four amendments, are Part III of Order 2918.

On August 13, 1970, Amendment No. 1 to Secretarial Order 2918 was issued which made several significant changes to the Order, among which are the lengthening of the present 45-day session to 50 days, and moving the Regular Session from July to January beginning with the 4th Congress, 1st Regular Session of the Congress of Micronesia.

Section 4 of the Order, as amended, sets forth the legislative authority of the Congress of Micronesia to enact tax laws and other revenue laws, and provides in part federal subsidy to the Congress of Micronesia. The pertinent Section 4 of the Order, as amended, reads as follows:

> "Section 4. Budget. Money bills enacted by the Congress of Micronesia shall not provide for the appropriation of funds in excess of such amounts as are available or estimated to be available from revenues raised pursuant to the tax laws and other revenue laws of the Trust Territory: Provided, that the Secretary of the Interior shall, from time to time, define the term 'revenue' as used herein, so as generally to exclude therefrom all sums attributable to user charge or service related reimbursements to the Government of the Trust Territory.
>
> Prior to his final submission to the Secretary of the Interior of requests for Federal funds necessary for the support of governmental functions in the Trust Territory, the High Commissioner, shall prepare a preliminary budget plan. He shall submit such plan to the Congress of Micronesia or the appropriate authorized committee or committees thereof for its review and recommendations with respect to such portions as relate to expenditures of funds proposed to be appropriated by the Congress of the United States. With respect to such portions of the preliminary budget plan, the High Commissioner shall adopt such recommendations of the Congress or the appropriate authorized committee or committees thereof as he shall deem appropriate, but he shall transmit to the Secretary of the Interior all recommendations he has not adopted.
>
> For Fiscal Years 1971 and 1972, the Congress of Micronesia is authorized $125,000 from Federal grants appropriated to the Trust Territory of the Pacific Islands by the Congress of the United States, for operations and expenses of the Congress of Micronesia. For succeeding fiscal years, the Congress of Micronesia may request continuing or additional funds for its operations and expenses. Such requests shall be incorporated in the High Commissioner's preliminary budget plan for processing as set forth in this section."

Congress of Micronesia

Summary of Appropriations

		Public Law Number	Fiscal Year 1971	Fiscal Year 1972
A.	Congress Operational Expenses			
1.	Senate and House Expenses		$383,483.50	$272,746.00
2.	Legislative Counsel's Office Expenses		232,945.00	133,185.00
3.	Special Session Expenses		25,000.00	25,000.00
4.	Joint Committee on Future Status		25,000.00	...
5.	Joint Committee on Program and Budget Planning		7,500.00	...
6.	Joint Committee on Banking		40,000.00	...
	Sub-Total		$713,928.50	$430,931.00
B.	Other Programs			
1.	Vocational Agriculture Program	P.L. No. 3C-52	$ 25,000.00	$ ...
2.	Translation of Political Status Delegation's Report	P.L. No. 3C-55	15,000.00	...
3.	Community Meeting Hall in District One, Saipan	P.L. No. 3C-61	3,000.00	...
4.	Scholarships and Other Purposes	P.L. No. 3C-23 & P.L. No. 3C-56	200,000.00	200,000.00
	Sub-Total		$243,000.00	$200,000.00
	Total Appropriations		$956,928.50	$630,931.00

Congress of Micronesia

Estimated Revenues by Sources

Source	FY 1970 Actual	FY 1971 Estimate	FY 1972 Estimate	Increase + Decrease -
1. Public Law No. 3-22				
Business Licenses	$ 22,898	$ 24,600	$ 27,600	$ +3,000
Gasoline and Diesel Fuel Tax	34,216	39,000	43,000	+4,000
Copra Export Tax	88,286	86,000	89,000	+3,000
Scrap Metal Export Tax	5,901	5,000	3,500	-1,500
Trochus Export Tax	501	500	500	- 0 -
Import Taxes	706,584	748,000	829,400	+81,400
2. Public Law No. 2-16 as amended				
Nomination Fees - C of M Elections	124	- 0 -	- 0 -	- 0 -
3. Other Revenues				
Unimproved Land Rentals	35,223	38,500	41,000	+2,500
Improved Real Property	19,875	22,000	24,000	+2,000
Concession	8,005	5,500	6,000	+500
Resident Housing	10,852	13,500	15,000	+1,500
Fines, Forfeitures and Penalties	21,422	21,500	24,000	+2,500
Court Fees	4,104	4,000	5,000	+1,000
Corporation Income (Mobil Oil Co.)	82,000	82,000	82,000	- 0 -
Miscellaneous Licenses and Permits	2,105	2,000	2,000	- 0 -
Sub-Total Revenues	1,042,096	1,092,100	1,192,000	+99,900
Unallotted and Unobligated Balances Available for Reappropriation Forwarded from Prior Years	183,149	54,900	- 0 -	-54,900
Unallotted and Unobligated Balances Available for Reappropriation to Following Years	-54,947	- 0 -	- 0 -	- 0 -
Appropriated or Estimated to be Available for Appropriation	$1,170,298	$1,147,000	$1,192,000	$+45,000

PERSONNEL SUMMARY

	1970 actual	1971 estimate	1972 estimate
Total number of permanent positions	310	322	321
Full-time equivalent of other positions..	1	1	1
Average number of all employees	238	278	290
Average GS grade	10.0	10.3	10.5
Average GS salary	$12,357	$12,584	$12,784
Average salary of ungraded positions	$10,074	$10,581	$10,780

ITEMIZATION OF ESTIMATE

Department of the Interior
Appropriation Title: Trust Territory of the Pacific Islands, Office of Territories

	Actual 1970	Estimate 1971	Estimate 1972	Increase (+) or Decrease (-)
Program and Financing				
Total obligations	$49,896,947	$51,312,709	$59,739,000	+8,426,291
Unobligated balance available, start of year	-3,347,656	-1,562,709	--	+1,562,709
Unobligated balance available, end of year	1,562,709	--	--	--
Budget authority	48,112,000	49,750,000	59,739,000	+9,989,000
Obligations by Objects				
11 Personnel compensation	3,478,921	4,194,000	4,393,000	+199,000
12 Personnel benefits	221,230	284,000	297,000	+13,000
21 Travel and transportation of persons	59,770	118,000	120,000	+2,000
22 Transportation of things	2,358	1,000	1,000	--
23 Rent, communications, and utilities	10,642	5,000	5,000	--
24 Printing and reproduction	15,185	20,000	20,000	--
25 Other services	49,815	98,000	118,000	+20,000
26 Supplies and materials	19,742	12,000	12,000	--
31 Equipment	35,258	30,000	11,000	-19,000
41 Grants, subsidies, and contributions	49,256,711	50,730,246	59,148,000	+8,417,754
96 Portion of foregoing obligations originally charged to object class 41:				
Object class 11	-3,069,850	-3,915,000	-4,109,000	-194,000
Object class 12	-182,835	-264,537	-277,000	-12,463
Total obligations	49,896,947	51,312,709	59,739,000	+8,426,291

MAJOR ACCOMPLISHMENTS

Mrs. HANSEN. Mr. Commissioner, what would you say have been the major achievements in the Trust Territory during the past year since you last appeared before this committee? I want the realistic accomplishments that you have made.

COMMUNICATIONS SYSTEM

Mr. JOHNSTON. All right. First of all, we have virtually completed our communications system. We now have voice telephone communication among the Marianas district where our headquarters is located and with Ponape, Truk, and Majuro in the Marshalls.

Within this month, or early next month, we will also hook the Yap district into that system.

Mrs. HANSEN. How many districts will this make connected?

Mr. JOHNSTON. Five of the six will be connected.

Mrs. HANSEN. What percentage of the population will this reach?

Mr. JOHNSTON. That would be slightly under 90 percent of the population, about 89 percent.

Mrs. HANSEN. So you will have achieved communication with the major part of the population?

Mr. JOHNSTON. Yes, Madam Chairman. As an example, just a few days ago, I was in Ponape and was able to talk to Mr. Loesch by telephone from Ponape, so this is a major achievement.

Mrs. HANSEN. He won't have any more excuses now for not providing assistance promptly.

Mr. WYATT. What district is not connected?

PALAU LAND PROBLEM

Mr. JOHNSTON. Palau. We have had a problem with acquisition of the land.

Mrs. HANSEN. What was the problem on the acquisition of this land?

Mr. JOHNSTON. A problem of whether the land was so-called public land or whether it was owned by a group of people in Palau. We had to release the contractor from that portion of the contract. The people of Palau at that time felt very strongly about it. They now, however, are in a much more cooperative mood. I would think that this would be resolved very shortly and that certainly well within the next year we would have the entire six districts hooked together.

TRUK HOSPITAL

Mrs. HANSEN. What other major accomplishments have you made?

Mr. JOHNSTON. We have completed the Truk hospital and it should be in operation very shortly. The construction on it has been completed.

Mrs. HANSEN. How many beds does the hospital have?

Mr. JOHNSTON. That is a 125-bed hospital.

Mrs. HANSEN. Will it be completely utilized?

Mr. JOHNSTON. It probably won't be completely utilized at the start; no. But we would expect to have a fairly heavy rate of occupancy right from the start.

Mrs. HANSEN. Does this facility also have outpatient services?

Mr. JOHNSTON. Yes; it does.

Mrs. HANSEN. I am keeping track of your promises from year to year until I actually see the plans go into effect.

PONAPE AIRFIELD

Mr. JOHNSTON. It's almost the time we were here last year that we opened the Ponape International Air Strip, in February of 1970. Ponape also has the first genuine bona fide air terminal anywhere in Micronesia, with a restaurant and facilities for immigrations and customs, and so on, together with their new airstrip.

MAJURO AIRPORT

In Marshalls, we have started the new airstrip which will be a two-way project. It will not only be an airstrip, but will provide a very much needed water catchment for the DUD area, Majuro area in the Marshalls. This is actually under construction now and it is phased into 5 separate years of funding, but the construction has started. This is a major accomplishment.

In our elementary schools, during calendar year 1971, we will complete 116 new classrooms.

Mrs. HANSEN. We will discuss your education programs in detail later in the hearings.

COMMUNITY COLLEGE OF MICRONESIA

Mr. JOHNSTON. All right. Since our last meeting with this committee, we have founded the Community College of Micronesia on Ponape. We have a master plan drawn up for its completion in various phases at a new site. The present location, which was formerly known as the Micronesian Teacher Education Center, will become an elementary school at the time we move the college to the new site.

NURSING SCHOOL

We have placed our nursing school in Saipan. It's in full operation. It was completed in March of 1970 and now is preparing to handle up to 100 students and to graduate about 20 or 25 nursing students each year.

Mrs. HANSEN. How many years is the nursing course?

Mr. JOHNSTON. The course is 2 years. Or is it 3?

Mr. YARBERRY. It's 2½ years.

Mr. YATES. Is this the college, Madam Chairman?

Mrs. HANSEN. The nursing school.

COMMUNITY COLLEGE OF MICRONESIA

Mr. JOHNSTON. The community college right now grants a 2-year associate of science degree, an associate degree in teaching.

We intend to broaden the community college to cover other areas in the future. But right now it is granting only degrees in teaching.

Mrs. HANSEN. How many students do you have in your community college?

Mr. YARBERRY. 108 at the present time.

Mrs. HANSEN. Is this taking care of all the admissions that are requested?

Mr. YARBERRY. No, it is not.

Mrs. HANSEN. Mr. Johnston, please proceed with your statement.

VOCATIONAL EDUCATION

Mr. JOHNSTON. For some years there has been some criticism of our system in Micronesia being pointed too much toward academic accomplishment and not enough toward practical education. Our program is now geared to provide vocational-type education for approximately 60 percent of our students and academic college prep training for the other 40 percent—at the elementary level.

Mrs. HANSEN. Do the students have a choice between the vocational and academic programs?

MICRONESIAN OCCUPATIONAL CENTER

Mr. JOHNSTON. Right.

A most significant event of the past year was the opening of the Micronesian Occupational Center in Palau at Koror, which now has over 300 students and they are being trained in many different occupations—everything from automobile mechanics to air-conditioning repair and air-conditioning engineers. There is a cook's and baker's school operated by a retired Swiss chef who is making great strides in the training of people for the service industry for our growing hotel business in Micronesia.

We feel that this Micronesian Occupational Center, as we look back on it a few years from now, will be one of the more important events of the period since the last time we were here.

Mr. YATES. Madam Chairman, what does one have to do to get into the occupational center?

Mr. JOHNSTON. Actually, we have students at the high school level and we have graduate students. They have to apply.

Mr. YATES. Anybody can apply? Must you have had a high school education to get in?

Mr. JOHNSTON. No. We take on both nonhigh school and high school graduates. It's set up for both a high school level course and a postgraduate course. Those who take the high school level course will get instruction in English, in math, and so on, along with their technical training.

Mr. YATES. May they come from anywhere in the Trust Territory?

Mr. JOHNSTON. Yes, sir. It serves all six districts. We do have an enrollment from each one of the six districts. We have a very well prepared set of posters and literature that we put in post offices and public buildings in every district to encourage young people to enroll in the courses.

LAND TITLE REGISTRATIONS

Mrs. HANSEN. What other achievements have you made?

Mr. JOHNSTON. We have granted a number of certificates of title to land for the first time in the history of the Trust Territory.

Mrs. HANSEN. That is progress.

Mr. JOHNSTON. I think we have some figures in the opening statement. As of December 30, 1970, we had actually issued titles on 658 parcels and had held formal hearings on 1,079. This is still a sort of scratching-the-surface thing, but it's a start. The program is proceeding on schedule.

DISPENSARY CONSTRUCTION

Mrs. HANSEN. You haven't mentioned your water programs, sewage programs, or your dispensary programs. As I understand, some of your dispensaries are in lamentable condition.

Mr. JOHNSTON. We have in the past year completed, or are nearing completion, 19 new dispensaries.

Mrs. HANSEN. Where are these located?

Mr. JOHNSTON. Throughout the various districts, but mostly on the outer islands, not in the district centers. Most of the district centers can be serviced by the hospital facilities. In the outer islands is where we need the dispensaries.

Mrs. HANSEN. Are you continuing to replace these old facilities with new dispensaries?

Mr. JOHNSTON. Yes, very definitely. And at the same time to reach a higher level of training of the health aides who man the dispensaries.

TRAINING OF HEALTH AIDES

Mrs. HANSEN. Where are your health aides trained?

Mr. JOHNSTON. They are trained in the hospitals and then sent back to their islands.

Mrs. HANSEN. Do you make an effort to have people from the various outlying islands participate in this training program?

Mr. JOHNSTON. We make every effort to.

Mrs. HANSEN. How much interest is there?

Mr. JOHNSTON. I feel there is quite a bit of interest in the medical field. The concept that we are working on now was originally suggested by a Public Health specialist at the University of Hawaii. The idea is that a young person can start out as a health aide and, after a year or so at that, they can go to the nursing school.

Of the 20 nurses graduated in our first class, 13 of them were male and seven were female. The percentage in the next class is a little closer to 50–50. But both male and female citizens would start as health aides, then go through nursing school, then perhaps go to Fiji to the college of medicine and eventually get an M.D. degree in an American medical college. It's a long-term program. Dr. Peck reports that we have developed quite a bit of interest in it.

SCHOLARSHIP PROGRAM

Mrs. HANSEN. Do you have a scholarship program?

Mr. JOHNSTON. Yes; we do.

Mrs. HANSEN. Do you provide full scholarship?

Mr. JOHNSTON. We have at the present time 139 full-time scholarships in various places and 248 who are on part-time educational grants.

Mrs. HANSEN. What do you mean by part time?

Mr. JOHNSTON. Where we pay part of their education, but they have to supplement it.

Mrs. HANSEN. How do the students finance the difference?

Mr. JOHNSTON. They have various ways. Some of them work. Some of them are assisted by contributions from private foundations. Some of them are assisted by their parents or friends. Some of them have to make a tremendous sacrifice to get through.

When you have 600 applicants and maybe 200 scholarships at the most, it's very difficult to turn anyone down.

Mrs. HANSEN. You must provide sufficient funds for your scholarship programs, because as you raise the level of education you are going to find an increasing desire of the students to continue in their education, particularly in the professional fields. If you are limiting the number of scholarships, you then are limiting the growth of one of your natural resources. It's a little more difficult to work your way through college today than it was 25 or 30 years ago. Therefore, this is very discouraging.

ENGLISH PROFICIENCY AND TRAINING

Let's take the case of a young Micronesian student who is in Hawaii, for instance, and may not speak the language very well. He is going to have trouble in just keeping up with his schoolwork, let alone holding down a part time job. Isn't this correct?

Mr. JOHNSTON. We have a suggestion, for example, from the Fiji College of Medicine. A group of us met with the president of their college and some of their top people. They suggested that some of our students, who do not have complete proficiency in English, should take 1 year of the top level in Fiji in high school before they actually start in the college of medicine. We have had a fairly high dropout rate. For some of them it was a lack of complete comprehension of English at the rate they had to assimilate the training.

Mrs. HANSEN. What are you doing to provide training so that the students will be proficient in English?

I may say this is not a problem that is confined to Micronesia. It's a problem with our Indian people. It's a problem in some of our urban communities, where proficiency in language ability and understanding is still far beneath what it should be.

Mr. JOHNSTON. We do have one thing, I think, to be proud of in that field, that, as of a couple of months ago the director of the entire program of teaching English in the Micronesian schools is a Micronesian himself, a young man from Truk, who is exceptionally well qualified

and certainly understands the problems that we are facing. I think he will do a great deal to improve the problem.

AVERAGE INCOME

Mrs. HANSEN. What is the average income in the Trust Territory?

Mr. JOHNSTON. I don't know if we have it. We have two separate economies, you might say. One is our subsistence economy, where people live on one of the outer islands with no money economy at all.

Mrs. HANSEN. I understand that. Give us the average income and approximately the average subsistence income.

Mr. JOHNSTON. I understand it's about $1,500.

Mrs. HANSEN. Is that family income or individual income?

Mr. SETIK. Individual.

Mrs. HANSEN. What would be the average subsistence income in one of your underpopulated islands?

Mr. JOHNSTON. Bailey, what would you say would be a minimum subsistence income?

Mr. OLTER. This is pretty difficult to estimate in terms of money, in that most of the crops raised in the municipalities are for subsistence. It's hard to measure it in terms of dollars. But cashwise, I would say between $60 and $100 a year.

Mr. SETIK. $60 to $100.

Mr. OLTER. Probably between $60 and $100.

Mrs. HANSEN. What would be the income in one of your district centers?

Mr. JOHNSTON. $1,500.

Mrs. HANSEN. You have had a very poor economic base for many years in the Trust Territory.

Mr. JOHNSTON. Definitely.

Mrs. HANSEN. What would you say the present economic situation is?

COPRA EXPORTS

What is your chief source of income?

Mr. JOHNSTON. Copra continues to be our leading export.

Mrs. HANSEN. How much do you export a year?

Mr. JOHNSTON. If we could get that figure for you.

Mrs. HANSEN. Is copra throughout the Trust Territory?

Mr. JOHNSTON. Basically in almost every district. It's stronger in some districts than others. The total value is about $2,000,683. That is about 15,687 tons.

ECONOMIC DEVELOPMENT

Mr. JOHNSTON. The areas where we have the most potential for growth are in tourism, marine resources, and agriculture. We have not shown any really significant growth in these fields in the past year.

Mrs. HANSEN. You are surrounded by water and you have some of the greatest marine resources in the entire South Pacific area. Why isn't there any more marine development?

FOREIGN INVESTMENT ACTIVITY

Mr. JOHNSTON. I think we should discuss the current philosophy in Micronesia.

Mrs. HANSEN. Please do.

Mr. JOHNSTON. In February of 1970, a little over a year ago, we signed into law a bill establishing district foreign investment boards, economic development boards in each district.

ISSUANCE OF BUSINESS PERMITS

In the first year of operation, from February of 1970 to February of 1971, a total of 11 business permits were granted in the entire Trust Territory. Seven of these were granted in the Marianas District. Neither the Palau District nor the Truk District granted a single foreign investment permit.

Mrs. HANSEN. Why?

Mr. JOHNSTON. Perhaps Senator Olter or Congressman Setik could speak to this. It seems to me that there is a feeling in Micronesia that they would rather do things themselves, even if it takes a little longer, than let somebody else come in and merely employ people without proper Micronesian ownership and eventual Micronesian control of the business. This admittedly takes longer.

Mrs. HANSEN. It does take longer. I happen to be from a part of the United States where business development was curtailed by lack of outside capital in certain areas. Do the Micronesians have the patience to wait for development? Or are they becoming restless and beginning to blame the United States for the lack of business development?

Mr. JOHNSTON. No; I don't think so. There is still the problem in some areas that you can't really build a hotel or a huge reefer to handle frozen fish or something until you get the power in and until you get the docks and harbors built and the airfields, and so on. We are catching up rapidly. But we still have several years to go on that.

I personally don't sense as much of a feeling of impatience as I do a feeling of caution.

Mr. YATES. Madam Chairman, who got the permits?

Mr. JOHNSTON. To American firms mostly or firms that were a combination of American and Micronesian.

HOTEL

Mrs. HANSEN. What were these permits granted for?

Mr. JOHNSTON. The first one is a small hotel.

Mrs. HANSEN. How many rooms does the hotel have?

Mr. JOHNSTON. I believe 14, with a restaurant facility.

Mr. WYATT. Where, Mr. Commissioner?

Mr. JOHNSTON. In the Marianas.

Mr. YATES. Where in the Marianas?

Mr. JOHNSTON. On Saipan, the second one is a gift shop located on Saipan.

Mrs. HANSEN. Will this gift shop sell those arts and crafts that are indigenous of the area?

Mr. JOHNSTON. Just local handicrafts; yes.

ENCYCLOPEDIA SALES

The third one is to Encyclopedia Britannica to operate on Saipan.

Mrs. HANSEN. What are they going to do?

Mr. JOHNSTON. Sell encyclopedias door to door, the standard pitch.

Mr. YATES. How many years do they take to pay for it—about 50?

Mr. JOHNSTON. They made two agreements with us, Congressman. They agreed first that they would deal only with those persons who invited them into the home. In other words, they could send out postcards and, unless one of them came back saying, "Please come to see me", they would not call on them.

Secondly, they would operate primarily in the area of the territorial government community where the salaries and wages are high enough and the level of education high enough that there would be good usage of their product. They have not been tremendously successful.

Mr. WYATT. Do they do any research at all in connection with this?

FISHING COMPANY

Mrs. HANSEN. No. Please proceed, Mr. Johnston.

Mr. JOHNSTON. The Spice Winds Fishing Co. in the Marshalls is based in the Marshalls. But the man who started it is from California.

Mr. WYATT. Is that in Saipan, Mr. Commissioner?

Mr. JOHNSTON. No, it's no Majuro in the Marshalls. They have attempted to be licensed in some of the other districts but haven't made it yet.

Mrs. HANSEN. What kind of fish are they going to fish for?

Mr. JOHNSTON. They are going to fish for lobsters and tuna and a third product.

TRAVEL AGENCY

Then the next one is to the Majuro Travel and Booking Agency, which is just an ordinary travel agency located in the Marshall Islands in their district center.

METAL FABRICATION COMPANY

Pacific Industries, Inc., in the Marianas has not really gotten off the ground. That was to be a factory to fabricate brass and copper tubing, with the possibility that it would eventually get into assembly of electronic parts. This was sponsored by a young man from New York City, or from somewhere in New York State. Although the business permit has been granted, the factory has not been built. It has not gotten off the ground. There were some problems with the fact that he wanted 14 acres and was only going to use three and they wanted to know what the other 11 were going to be used for.

HOTEL

Then a very successful project with a great deal of Micronesian capital and assistance is the Eastern Gateway Hotel on Majuro, which is right off the airstrip and is now in operation. They have six or eight rooms operating and others will be completed very shortly.

REFRIGERATION REPAIR COMPANY

The next one is B. & J. Refrigeration on Saipan, which is a refrigeration and repair maintenance organization.

One of you Ponapeans will have to tell me what the U Corp of Ponape is.

Mr. OLTER. It's a hotel-motel operation on Ponape.

OTHER APPLICATIONS

Mr. JOHNSTON. That completes the list of those who were approved. There are three pages of applications here which are in various stages. Some were disapproved, but the big bulk of them are still pending.

Mrs. HANSEN. Are these approved by each of the district development councils?

Mr. JOHNSTON. That is correct. Then once they have been approved by the district board, which consists of Micronesian citizens, they are forwarded to the High Commissioner and his staff for action, for the actual issuance of permit, and so on.

Many of the people who have applied have been granted corporate charters but have not yet been granted a business license. In the pending list there are insurance companies, Star Kist Tuna Fishing Organization, and many others—one even for an Oil refinery in the Marianas. Some of these have not been pending any great length of time, The bill was passed in February of 1970. It took a little while to work out the paperwork portion of it.

ECONOMIC DEVELOPMENT LOAN FUND

Mr. YATES. Is there a capital fund of any kind to help them, Madam Chairman?

Mr. JOHNSTON. There is an economic development loan fund which can be loaned only to Micronesian citizens. The original fund, of about $1 million, has been exhausted for some months. We are striving to get a fund of $5 million and a bill had been introduced in January of this year by Congressman Saylor. It's currently before the House of Representatives, and a similar bill in the Senate.

Mrs. HANSEN. It's currently before the House Interior and Insular Affairs Committee.

Mr. YATES. Do you need any further authority for another $1 million for that loan?

Mr. JOHNSTON. Yes.

Mr. YATES. You said they have authorization for a $1 million fund which has been exhausted. Does that legislation permit a replenishment of that fund?

Mr. JOHNSTON. No; only the gradual replenishment as loans are repaid.

REPAYMENT HISTORY

Mr. YATES. Have the loans been paid? What is the history of the fund?

Mr. JOHNSTON. We had an extremely poor record of repayment until about a year ago, when we started working on it. Now almost all of the loans are current. Some of them that were being carried as delinquent loans were loans where the person had passed away and left no estate and they had never been marked off as noncollectible debts.

We do have the economic development loan fund in good shape and operating properly now.

REQUEST—1972

The Congress of Micronesia has seen fit to put $600,000 in the fiscal year 1972 budget, the one before you here, of our appropriated funds to further supplement it.

We loaned out more money in a period of 6 months than was loaned out in the previous 7½ years of the fund.

APPLICATION PROCEDURES

Mrs. HANSEN. The applications were not used. Is this correct?

Mr. JOHNSTON. At one point, Madam Chairman, you would have needed a CPA and a staff of lawyers to fill out the applications for a loan. It was some five or six pages long. It totally discouraged the average Micronesian from even reading through it, let alone trying to fill it out.

Mr. WYATT. Like a small business loan application, Mr. Commissioner?

Mr. JOHNSTON. Right; we have greatly simplified the process and put the money to work. It's being used for building stores, hotels, small boat companies, and so on.

EMPLOYMENT AND UNEMPLOYMENT

Mrs. HANSEN. Do you have any other comments on the general overall economy situation? Please insert in the record the number of people unemployed.

Mr. OYLER. That will be inserted, Madam Chairman.

(The information requested follows:)

MICRONESIAN EMPLOYMENT, UNEMPLOYMENT[1] BY DISTRICT AND ECONOMY UNIT, 1969

District		Total Population	Labor Force	Employment (Micronesian)[2]	Micronesian Unemployment[4]	Percentage Unemployed
Marianas	COMAD	11,630	3,632	3,498	134	3.7
	Out-Island	197	90	NA	NA	NA
	Total	11,827	3,722			
Marshalls	COMAD	9,798	3,088	1,701	1,387	45
	Out-Island	9,530	3,050	NA	NA	NA
	Total	19,328	6,138			
Palau	COMAD	5,541	1,810	1,455	355	19.6
	Out-Island	6,750	1,880	NA	NA	NA
	Total	12,291	3,690			
Ponape	COMAD	9,141	3,241	2,272	969	30
	Out-Island	10,952	3,880	NA	NA	NA
	Total	20,093	7,121			
Truk	COMAD	9,459	3,065	1,632	1,433	46
	Out-Island	17,994	5,954	NA	NA	NA
	Total	27,453	9,019			
Yap	COMAD	4,380	991	668	323	33
	Out-Island	2,637	500	NA	NA	NA
	Total	7,017	1,491			
TOTAL	COMAD	49,949	15,827	11,369[3]	4,458	28.1
	Out-Island	48,060	15,354	NA	NA	NA
	TOTAL	98,009	31,181			

1. Employment includes employment for wages or regular commercial activity generating dollar income in 1969. Unemployment includes those members of the labor force not employed for wages. It should be noted that many members of the unemployed labor force may be gainfully employed in subsistence agriculture, fishing and copra production, predominately in outer islands. True unemployment does exist in COMADS where there is an over-supply of available labor and for a limited number of jobs. Data is based on the 1967 census, the 1969 UN Report, and Social Security statistics.
2. NA=Not Applicable. Nearly all members of the labor force in the outer islands are gainfully employed in subsistence activities, however, it is believed that most of these persons may be from 20% to 50% underemployed.
3. 143 Micronesians employed TT-wide.
4. Not employed for wages.

NOTE: COMAD IS COMMERCIAL-ADMINISTRATIVE CENTER - DISTRICT CENTER.

HOTEL FACILITIES

Mr. JOHNSTON. On the general economic situation, we do have some new hotels coming up.

Mrs. HANSEN. How many hotels do you have in the Trust Territory?

Mr. JOHNSTON. On Saipan we have one large modern hotel with 66 rooms, and two smaller hotels of about 14 rooms each. Others in some stage of planning are not actually under construction yet. It's possible that we could have as many as 6,600 hotel rooms within the next 24 months just with hotels which have secured their land and are in some stage of architectural design or planning.

Mrs. HANSEN. Have they acquired the land?

Mr. JOHNSTON. Yes; this is on Saipan where the major development will be.

On Truk we have a beautiful new hotel. I haven't had the privilege of staying in it yet, but I understand it's one of the finest modern hotels available anywhere. It's one of the hotels built by Continental Air Micronesia under the provisions of their franchise. The hotel on Palau is virtually finished and will be a beautiful completely modern hotel. We are waiting to hook up the water, sewer, and power to it. But it should be open in April or May of this year.

The hotel facilities in the other districts are still somewhat limited. We have made a breakthrough in that area. The hotels were formerly operated by the government. In all but one district now, the government hotels have been put to bid and turned over to private operation.

EMPLOYMENT OF MICRONESIANS

Mrs. HANSEN. Does this private operation provide for preferential employment of the Micronesians?

Mr. JOHNSTON. Very definitely; yes.

HOTEL CAPACITY

Mrs. HANSEN. What would you say is the total hotel capacity in the Trust Territory at this time?

Mr. JOHNSTON. I think we would have to add up some figures on it.

Mrs. HANSEN. Please insert the information in the record.

(The information requested follows:)

Current hotel capacity for trust territory

District:	*Number of rooms*
Marianas	115
Marshalls	36
Palau	27
Ponape	33
Truk	71
Yap	10
Total	292

EMPLOYMENT OF MICRONESIANS

Mrs. HANSEN. Have you had any difficulties in securing trained Micronesians to fill these jobs in the hotels?

Mr. JOHNSTON. No, I don't believe we have, except in the area of cooking. Apparently there is a shortage in this field because so far everyone we have trained at the Micronesian Occupational Center to, in turn, train others, has immediately accepted a job somewhere and we have to start all over again training the trainers. I think that is the only field where we really lag behind.

WATER QUALITY

Mrs. HANSEN. How adequate is the water in your hotels?

Mr. JOHNSTON. It leaves something to be desired in most of them, including the Royal Taga on Saipan. We frankly don't advise guests, even at our finest hotels to Micronesia, to drink the water if they can avoid it.

Mrs. HANSEN. Are you attempting to solve this problem?

Mr. JOHNSTON. Our water system on Saipan is rapidly nearing completion.

Mrs. HANSEN. When will it be completed?

Mr. JOHNSTON. The one on Palau is well on the way.

Mrs. HANSEN. When will it be completed?

Mr. JOHNSTON. Sometime later this year or early next.

WATER SYSTEM IMPROVEMENTS

Mr. YATES. What is involved in completing a water system?

Mr. JOHNSTON. This is fresh water artesian wells so that the water has to be purified and distributed.

Mrs. HANSEN. Isn't your construction done in phases?

Mr. JOHNSTON. Yes, the design and engineering phase and then the contracting phase of actually putting in the pipe and then hooking it into the water purifying facility.

TRANSPORTATION TIME LAG

Mrs. HANSEN. Do you have the same time lag in receiving shipments due to your transportation problems as Samoa?

Mr. JOHNSTON. We have a little greater time lag usually. We have more limited shipping facilities even than Samoa has.

Mrs. HANSEN. It's not an easy job.

Mr. YATES. I know.

Mrs. HANSEN. The further distance away you are in maritime areas the more problems you have with transportation.

SEWAGE DISPOSAL SYSTEMS

How adequate is your sewage disposal systems in your hotels? I think the American visitors who visit the Trust Territory and come come back highly critical of the facilities must understand the difficulties you have.

Mr. JOHNSTON. As far as guests are concerned they have indoor plumbing and full facilities. What they don't have to worry about, but we do and the ecology experts do, is where the sewage goes after it leaves the hotel.

Mrs. HANSEN. How adequate are your disposal and sewage treatment plants?

Mr. JOHNSTON. It needs a great deal of improvement. We have projects actively underway in the Marianas and in Palau. I might say, Madam Chairman, may we go off the record——

(Discussion off the record.)

DISTRICT CENTERS

Mrs. HANSEN. Where are your major areas of concentration in sewage treatment plant development?

Mr. JOHNSTON. In our district centers.

Mrs. HANSEN. In Saipan?

Mr. JOHNSTON. In the district center of each of our six districts. In the supplemental, as we proposed it, there would be five sewage treatment plants in the supplemental.

Mrs. HANSEN. How long will it take to construct these plants?

Mr. JOHNSTON. A year to 2 years at least.

Mrs. HANSEN. Are your engineering designs completed?

Mr. JOHNSTON. They have been designed, some of them. This would be the first phase of construction.

Mrs. HANSEN. But it will take you about 2 years to complete the construction. So you are actually about 3 years away from having adequate sewerage facilities in your six districts.

Mr. JOHNSTON. Right.

Mrs. HANSEN. How long is it going to take you to complete the facility at Majuro?

Mr. OYLER. Through 1972.

Mrs. HANSEN. I have been on this committee for 8 years and I have known how these programs can keep getting extended.

Mr. OYLER. Majuro would be funded subsequent to 1972 and it would be about a 2-year period following that, so it would be about 1975.

Mrs. HANSEN. Then by 1975 you should have completed your sewage facilities in your district centers?

Mr. JOHNSTON. Right.

OUTER ISLANDS

Mrs. HANSEN. You have some problems of sewage disposal in your various islands that are not located in your district centers. What are you doing in this connection?

Mr. JOHNSTON. The Congress of Micronesia has introduced this past session several resolutions urging a greater emphasis on some of our outlying areas. One example of a major population center that is not a district center is the island of Kusaie which has about 3,700 or 3,800 people. We do now have a master plan drawn up for that island.

POLLUTION ABATEMENT AND ENVIRONMENTAL PROTECTION

Mrs. HANSEN. Will you please place in the record a statement showing the amount of funds in your fiscal year 1972 estimate for pollution abatement and environment protection.

(The information follows:)

DEPARTMENT OF THE INTERIOR, OFFICE OF TERRITORIES BUREAU—ACTIVITIES IN POLLUTION ABATEMENT AND ENVIRONMENTAL PROTECTION

[In thousands of dollars]

Description of project or activity	Location	Estimate fiscal year 1972
Capital improvements:		
Water and sewerage, Majuro	Trust Territory	$1,500
Water and sewerage, Palau	do	1,389
Water and sewerage, Ponape	do	2,200
Water and sewerage, Saipan	do	250
Water and sewerage, Kusaie	do	200
Total		5,539

COST OF MASTER PLAN

Mrs. HANSEN. What will be the total cost of your master plan?

Mr. JOHNSTON. It started out at $30 million over a 10-year period, which would have been an average of about $3 million a year and I believe it was cut down from that.

The first increment of sewage improvement would fall in 1974 with $175,000.

Mrs. HANSEN. Haven't you been able under your funding authorization ceiling to start sooner?

Mr. JOHNSTON. No.

APPROPRIATION CEILING

Mrs. HANSEN. If you did have a higher ceiling, would you have the capability to do an adequate job?

Mr. JOHNSTON. I think we would, Madam Chairman.

Mrs. HANSEN. Is your ceiling too low?

Mr. JOHNSTON. In my opinion it is, yes. This is the most difficult problem, first of the executive branch, and then of the Congress of Micronesia, particularly with the pressures on each of our senators and representatives from his district and so on. The problem of taking the money and deciding what waits until 1975 and what goes in 1971——

Mrs. HANSEN. The difficulty in the Trust Territory is that there has been so little spent for so many years that you have much catching up to do, and it came at a time when costs were inflated. What was your previous funding authorization ceiling?

Mr. JOHNSTON. It was $35 million at one point and was raised to $50 million and now is at $60 million.

Mrs. HANSEN. If you consider the cost of inflation and the increased attention to problems of sewage and water the $60 million ceiling is not adequate.

ADEQUACY OF CEILING

What would be your guess as to what would be a more reasonable ceiling for the expenditure of funds, considering your capabilities?

Mr. JOHNSTON. Well, almost 2 years ago we asked for $80 million. That apparently was felt by some people to be nonrealistic, but to give you an example of one of our biggest costs——

Mrs. HANSEN. Off the record.

(Discussion off the record.)

Mrs. HANSEN. Do you think a realistic ceiling would be $100 million?

Mr. JOHNSON. I would say that.

Mr. YATES. $100 million to do what?

Mrs. HANSEN. For the operation and management of the Trust Territory.

Mr. YATES. A hundred million dollars each year?

Mrs. HANSEN. Yes.

Mr. YATES. For how many years?

Mrs. HANSEN. Probably for the next 5 years.

CONTRACTOR MOBILIZATION COSTS

Mr. JOHNSTON. Say our program from 1974 through 1977 is based on going up to about a $70 million level, but one of our biggest costs, Madam Chairman, is what the contractors call a mobilization charge and if we have a contractor move his heavy equipment from Seattle or California or Hawaii or somewhere else, and get mobilized and then he finishes that job, then the next one in that area doesn't fall for 2 or 3 years, then he remobilizes.

Mrs. HANSEN. This has been one of your problems. If you can plan your construction projects properly so that when one is finished another has begun or is ready to begin you would have probably gotten lower bids.

Mr. JOHNSTON. We have found we could do that in cases.

Mrs. HANSEN. If you weren't operating under a ceiling, funds could have been provided so that you could plan an orderly construction program and eliminate a great deal of your mobilization costs. Is this not right?

Mr. JOHNSTON. That is right.

CEILING AUTHORIZATION PROCEDURE

Mrs. HANSEN. This committee does not have the jurisdiction over the authorizing ceiling.

Mr. YATES. What authorization could we have?

Mrs. HANSEN. The authorization is considered in the Interior and Insular Affairs Committee.

Mr. YATES. Are there authorizations on the books which could be funded to approximate the amounts you have in mind?

Mrs. HANSEN. Appropriations have been approved to the limit of existing legislative authority.

Mr. YATES. The new full employment budget may be different.

Mrs. HANSEN. I want to make it plain that this authorizing ceiling is not what I consider a full employment ceiling, nor is it what I

would consider the kind of ceiling that allows the Trust Territory government to do the most economical job possible. This is probably the principal essence of the problem. Is this not correct, Mr. Johnston?

Mr. JOHNSTON. Very definitely.

OUTER ISLAND DEVELOPMENT

Mrs. HANSEN. How many more areas do you have of the same equivalent population that will require construction of a sewage system?

Mr. JOHNSTON. Ebeye, which is adjacent to Kwajalein, which is hopefully included in the 1971 supplemental. There is $350,000.

Mrs. HANSEN. How many people will that serve?

Mr. JOHNSTON. Roughly 4,000.

Mrs. HANSEN. How many other areas need facilities?

Mr. JOHNSTON. I was just reviewing this morning the unofficial but relatively accurate preliminary census figures and most of the separate island communities have populations like 51, 25, 716, 145, and so on.

There aren't many real concentrations of population away from your district centers.

Mrs. HANSEN. Isn't it true that there is relatively little difference in cost between installing one sewage system that serves 1,000 and 3,000?

Mr. JOHNSTON. That is right. You have the mobilization of your contractor and so on, that is correct, and there just has to be a limit below which you cannot provide facilities. If you have a remote island with 25 or 50 people on it, you can't spend millions and millions of dollars putting in every type of facility.

OUTER ISLAND POPULATION MOVEMENT

These people will always have the option of moving to a district center where the facilities are.

Mrs. HANSEN. Do they want to move to a district center?

Mr. JOHNSTON. Some don't and we have had no forced movement whatsoever.

This, at one time, was recommended by one of the economic experts who surveyed the trust territory, but we have left it up to the district administrations to solve their own problems within the districts.

Now, in the Marianas, for example, the administrator has initiated a program of voluntarily moving to the Island of Pagan and building a population there. We now have a 3,000-foot airstrip completed on that island. It has great potential. It reputedly had some 25,000 occupants during the Japanese occupation of the islands and now is back up above 100 for the first time in many years.

We feel that the occupants of some of the other small islands in the Marianas will concentrate a population on Pagan.

Mrs. HANSEN. I think I understand your problem. I don't think anybody likes to be forced to give up his home.

Mr. JOHNSTON. It is the same way in the United States or at least I presume it is. It was many years ago when I lived in the continental limits, but there are still some people in rural areas who provide their own generators and their own windmills and so on and choose not to live in modern communities.

HEALTH PROBLEMS

Mr. MCDADE. Are there any definable health problems or any other type problems which face those who live in the outer islands?

Mr. JOHNSTON. Very definitely. There is the problem of what happens if you get a serious illness and have to be evacuated. It is a dual problem. Sometimes the lone radio on the island doesn't work and sometimes even if it does it takes days to divert a field trip vessel to that island and it may be too rough for a Navy seaplane. Someone told us yesterday that they are no longer manufacturing seaplanes anywhere in the world and we patch together these old beat-up ones and sometimes even they can't land.

Mr. MCDADE. The health emergency is obviously a critical problem. What other kinds of problems are faced by those living in the outer islands?

Mr. JOHNSTON. Of course, they raise a great deal of the food that they eat.

NUTRITION

Mr. MCDADE. Is there a malnutrition problem?

Mr. JOHNSTON. No, we have had no malnutrition problems. We have not had any serious epidemics or serious malnutrition problems. We do have our roving teams that go in and innoculate the people against the basic diseases that would be most prevalent in the area—measles and so on—this program has been very successful. It has met with practically no resistance and the people seem to be basically healthy in these areas.

MUNICIPAL GOVERNMENT

Mr. YATES. How do the people in the outer islands govern themselves? Do they have local chiefs?

Mr. JOHNSTON. Yes, in all of the areas other than the Marianas there are traditional, or hereditary leaders, and we have probably the heaviest structure of municipal government of anywhere in the world. We have 57, I believe it is, chartered municipalities, 114 nonchartered ones, and a couple of hundred more loosely knit municipalities with just a 100,000 people.

CONDITIONS OF LIFE

Mr. YATES. For example, are these islands the paradises of the South Pacific that you read about in the papers or are the problems that the people have, too great?

Mr. JOHNSTON. I think that is a matter of how you look at it.

Mr. YATES. Well, how do you look at it?

Mrs. HANSEN. I think you should ask the Micronesians.

Mr. YATES. How about the other outer islands? What is the condition of the people on the outer islands? Is civilization breaking in and making some unhappiness there?

Incidentally, do either of our distinguished guests come from the outer islands?

Mr. JOHNSTON. They both did.

Mrs. HANSEN. Representative Setik, do you want to comment on that?

Mr. YATES. Where were you originally from?

Mr. SETIK. In Lukunor, in the Truk District.

Mr. YATES. You left that island, apparently. Do most of the people want to leave them?

Mr. SETIK. They are happy and they don't want to leave the islands.

Mr. YATES. What problems do they have? Do they have problems of water? Do they have problems of poverty there?

Mr. SETIK. Of course, they have a problem when it comes to sickness, when evacuation is necessary, but they are happy and feel that they are independent. They go fishing every day. They don't care about anything. They just enjoy life.

Mr. YATES. Why did you leave Truk?

Mr. SETIK. I went to school.

Mr. YATES. Where did you go to school?

Mr. SETIK. In Guam right after the war.

Mr. YATES. Where do you live now?

Mr. SETIK. I live on Moen Island but I still represent the outer islands people.

TRANSPORTATION PROBLEMS

Mrs. HANSEN. If the outer islands had better transportation this would be part of the answer to some of the problems. Your problem is not having sufficient marine equipment. If you begin to develop some of the faster surface water transportation, this would solve some of your problems in your outer islands. This would then allow you to provide medical services on a regular basis and allow more in-service teaching training.

Mr. SETIK. That is right.

MEANS OF COMMUNICATION

Mr. YATES. I look at the Marianas Islands and I see islands with the names Maug, Asuncion Island, Agrihan, Alamagan. What is the communication between these islands? Is there any?

Mr. JOHNSON. Most of those, sir, are uninhabited. Maug, Asuncion, Agrihan show zero population. Alamagan has 25.

As I say, the population of Pagan was about 50. It has now gone up to about 100. The communication is by field trip vessel and radio.

UNPOPULATED ISLANDS

Mr. YATES. I assumed as I look at this map, in view of the fact that all of the islands and atolls were not shown on it that the ones that were represented had populations on them but apparently that isn't true.

Mr. JOHNSTON. No, sir. Some of them are not populated.

In some of the areas, particularly in the Marshalls and in the northern Mariannas, people will grow copra, or breadfruit on one of the uninhabited islands and they will live on another one and they will

commute by boat and harvest the crop. We have produced some boats in our own shipyard in Palau that have been excellent copra/breadfruit boats to go from one isand to another.

BUREAU OF THE BUDGET REQUEST

Mr. YATES. May I ask the Commissioner how much he asked the Bureau of the Budget for?

Mr. JOHNSTON. For fiscal year 1972, just under $60 million.

Mr. YATES. How much did they allow you?

Mr. OYLER. The Bureau of the Budget request was for $59,750,000 and they have allowed $59,739,000.

Mr. YATES. In other words, they gave you your full request?

Mr. OYLER. Yes.

CONGRESS OF MICRONESIA

Mr. YATES. I wanted to ask our distinguished guests about the areas they do represent. What is the Senator's representation?

Mr. JOHNSTON. He is from the Ponape district.

Mr. YATES. The senator represents the Ponape and the representative represents the Truk districts.

Mr. SETIK. The outer islands in the Truk District.

Mr. YATES. How many representatives are there?

Mr. SETIK. Five.

Mrs. HANSEN. What is the number of members in the house and in the senate and the length of time of your legislative session?

Mr. JOHNSTON. There are 12 senators, two from each of the six districts. They serve on staggered terms of 4 years each, half of the senate being elected every 2 years.

The house members are elected every 2 years and there are 21. The Truk district has the most and the Yap district the least, with two.

The representatives are based on population. The secretarial order setting up the Congress requires there be no less than two representatives in any one district.

Mrs. HANSEN. How long is your legislative session?

Mr. JOHNSTON. Fifty days starting in January of each year.

SALARIES OF MEMBERS

Mrs. HANSEN. What is the salary of the members?

Mr. JOHNSTON. $8,000 and the speaker of the house and the president of the senate each get $9,000. The Congressmen get $8,000.

HEREDITARY LEADERSHIP

Mr. YATES. Would you also explain to me how the hereditary leadership works? Is it part of the structure in each of the districts, or in only some of the districts?

Mr. JOHNSTON. It is in five of the six districts and it varies greatly from district to district.

Mr. YATES. There is a hereditary leader in five—which district is not so represented?

Mr. JOHNSTON. The Marianas.

Mr. YATES. Does the hereditary leader have jurisdiction over all the islands within the district?

Mr. JOHNSTON. The leaders would be more correct, sir. There are multiple hereditary leaders in each of the districts.

Mr. YATES. I am trying to find out the relationship between the hereditary type of government and ours.

I wonder how the Commissioner operates with respect to these leaders. I am trying to find out how you work with them.

Mrs. HANSEN. The High Commissioner works with the legislature members.

Mr. YATES. You have nothing to do with the people?

Mr. JOHNSTON. No; I wouldn't say that. Just less than a week ago I met with the five hereditary leaders who are called Nanmwarkis on Ponape and I think three of our Ponape representatives here could tell more about that system but I have found the traditional leaders very anxious to meet with us and discuss problems. They are quite aware of the problems of juvenile delinquency and messing up the ecology of the area and so on, and some of them have become elected leaders.

For example, in the Truk District, Chief Petros Mailo, the hereditary leader of the district center is also the mayor of Moen Island. He is both elected and hereditary leader.

CHANGE IN TRADITIONAL FORM OF GOVERNMENT

Mr. YATES. I was trying to find out whether the superimposition of the constitution and the three-branch form of government has in any way disrupted the ancient governmental system in the islands.

Mr. JOHNSTON. I don't think it has. There is one district in which we have a potential problem, in the Marshalls district, but in the others—would any of you want to comment on that?

Mrs. HANSEN. I think the Micronesian Congress reflects the customs of their people very ably and I think the High Commissioner has been able to understand what the role was.

I think you could liken the concept, Mr. Yates, to the problems that the Indian tribal councils have in dealing with the various agencies of the Federal Government.

Mr. YATES. I agree with you and that is why I am trying to ask these questions.

LAND OWNERSHIP SYSTEM

Mr. JOHNSTON. We sometimes correct people who refer to our land cadastre program when they refer to it as a land reform program. It is not a land reform program. It is an identification process. We don't quarrel with the local methods of clan ownership or group ownership. In some districts it is individual ownership and in some places group ownership. We just want to identify the parcels and not shake up the whole land ownership system.

AUTHORITY OF HEREDITARY LEADERS

Mr. YATES. One of the reasons I was asking the question was to find out whether or not any of the permits granted by the High Commis-

sioners, for example, through the district councils, have been granted without the consent of the hereditary leaders, for example.

Mr. JOHNSTON. I wouldn't think so, sir.

Mr. YATES. The district councils are elected and usually with the consent of the leaders?

Are the leaders elected? I thought they were hereditary.

Mr. JOHNSTON. There again if you get into a complete discussion of it, in some cases when you have several people eligible to be the hereditary leader—it isn't like the British system where one person has automatic succession.

Mr. YATES. You mean certain families will present candidates?

Mr. JOHNSTON. One elderly leader passes away and there may be five candidates and the people get together and choose the one they think will do the best job.

Mr. YATES. Why the term "hereditary" then?

Mr. JOHNSTON. They have to be in a certain lineage to be one of the five eligible.

Mr. YATES. Thank you, Madam Chairman.

WITHIN-GRADE PAY INCREASES

Mrs. HANSEN. You have budgeted increases throughout your justification for "Normal salary increments for the Micronesian and U.S. ongoing staff." Please give us the details on this.

Mr. JOHNSTON. Our new scale, the Federal Civil Service scale and so on, has in-step increases and this item is to compensate for the normal step raises, as the person puts in so many more years or months of Government service.

BUDGETED EMPLOYMENT, 1971

Mrs. HANSEN. What is the total number of Micronesians employed and the total number of U.S. civil servants?

Mr. JOHNSTON. These are budgeted now for fiscal year 1971. We have a total of 5,345 Micronesians and 601 United States, and the United States are broken down into 322 civil service, 279 contract, and I would like——

CONTRACT EMPLOYMENT

Mrs. HANSEN. Please explain your contract employment.

Mr. JOHNSTON. Contract employees at the present time are in the Departments of Public Works, Health Services and Education. They are hired on a 2-year contract, which contains some of the benefits of Federal, or Micronesian civil service, but it still does not bring them under the merit system and at the end of 2 years their contract can simply be terminated with no reemployment rights and so on.

DISCONTINUANCE OF CIVIL SERVICE HIRING

I would like the record to indicate, Madam Chairman, because I think it is significant, that effective March 1, 1971, except for a few people to whom previous commitments were made, we are hiring no

more U.S. Civil Service personnel, and the Interior Department has notified the U.S. Civil Service Commission after a series of meetings of mutual agreement that all future expatriate hirings will be on contract rather than Federal Civil Service. This makes it much easier for us to elevate Micronesians when they are ready to take over a position and to gradually phase out the American establishment.

Mrs. HANSEN. In other words, it is much easier to increase Micronesian employment if you do not hire civil service people?

Mr. JOHNSTON. That is correct. It has been very difficult at times and I think everyone is in agreement that this will be a major step forward.

COURT CASELOAD

Mrs. HANSEN. Your civil and criminal court cases are increasing. This is an ever-escalating caseload. Your civil cases are up to 2,636. Will you explain the reasons for these increases?

Mr. JOHNSTON. I would say the biggest increase in the civil cases is in probably land-related cases. Would anyone disagree with that?

And the criminal cases, unfortunately, most of those are in the area of petty crimes. A great deal of them created by young people who are either juveniles or just above the juvenile age.

Mr. YATES. And crimes of violence?

Mr. JOHNSTON. There are an increasing number of crimes of violence but mostly crimes of petty theft.

Mrs. HANSEN. To what do you attribute this?

Mr. JOHNSTON. Part of it can be attributed to the fact that some of our young people have been prohibited from going to high schools because of lack of facilities and there are no immediate jobs for them. They tend to drift. However, I will say a great many of them could find employment, but just don't seem to.

Mr. YATES. Do they occur in particular areas?

Mr. JOHNSTON. Yes, these are usually in the district centers.

Mr. YATES. Which ones?

Mr. JOHNSTON. Well, just about all of them, I would say. We don't have any underpopulated jails in district centers that I know of.

RESOLUTION OF THIRD MARIANA ISLANDS DISTRICT LEGISLATURE

Mrs. HANSEN. At this point in the record we will insert the resolution passed by the Marianas District Legislature.

(The document follows:)

3RD MARIANA ISLANDS DISTRICT LEGISLATURE

FIFTH REGULAR SESSION

RESOLUTION NO. 30–1971 INTRODUCED BY: COMMITTEE OF THE WHOLE

A resolution relative to advising the Security Council and Trusteeship Council of the United Nations that the Mariana Islands, District of the Trust Territory of the Pacific islands will secede from the trust territory of the Pacific islands by force of arms if necessary, and with or without the approval of the United Nations.

Whereas, after the close of the hostilities resulting from World War I the Marianas, Eastern and Western Caroline Islands were given to the Japanese Empire for administration by the League of Nations; and

Whereas, contrary to the provisions of the covenants of the League of Nations, the Japanese Empire placed military fortifications throughout the islands, and after the cessation of hostilities resulting from World War II, the Marianas, Eastern and Western Caroline Islands were given to the United States of America for administration by the United Nations; and

Whereas, in neither instance did either the League of Nations or the United Nations consult the people concerned as to what their desires were regarding these arrangements, rather a unilateral decision was made to control the lives of people whose history goes back at least 15,000 years; and

Whereas, in each instance, however, the people of the Mariana Islands District, Rota, Tinian, Saipan and the islands north of Saipan, accepted and sought to make the best of their fate; and

Whereas, in accordance with appropriate provisions of the Charter of the United Nations, provisions of the International Trusteeship System, and provisions of the Trusteeship Agreement for the Former Japanese Mandated Islands, the people have over the years directed grievances to the Security Council and the Trusteeship Council without any favorable action; and

Whereas, the original signatories in San Francisco in 1945 unilaterally and willing accepted responsibility for the proper administration of the inhabitants of the Trust Territory, and pledged to give the people concerned self-government or independence according to the freely expressed wishes of the people concerned; and

Whereas, the people of the Mariana Islands District have, over the last twenty (20) years, advised both the administering authority and the Trusteeship Council of its political aspiration, but both have proceeded to ignore these aspirations for reasons of their own; and

Whereas, every effort has been made to live and work with the Congress of Micronesia, but it has now become clear that all hope for the people of the Marianas of working harmoniously with the people of the Eastern and Western Caroline Islands is lost; and

Whereas, we, the elected representatives of the people of the Mariana Islands District of the Trust Territory of the Pacific Islands, do not agree that the United Nations has any legal rights over the lives of the people of the Marianas, and wish that all concerned be advised that we will secede from the Trust Territory of the Pacific Islands, by force of arms if necessary, with or without the approval of the United Nations;

Now, therefore, be it resolved by the 3rd. Mariana Islands District Legislature that the Security Council and the Trusteeship Council of the United Nations be and they hereby are advised that the Mariana Islands District of the Trust Territory of the Pacific Islands will secede from the Trust Territory of the Pacific Islands by force of arms if necessary, and with or without the approval of the United Nations; and

Be it further resolved that the President certify to and the Legislative Secretary attests the adoption hereof and thereafter transmit copies of the same to the Security Council of the United Nations, the Trusteeship Council of the United Nations, the President of the United States, the Secretary of the U.S. Department of the Interior, the Secretary of the U.S. Department of State, the Secretary of the U.S. Department of Defense, and to the High Commissioner of the Trust Territory of the Pacific Islands.

Passed by the 3rd. Mariana Islands District Legislature February 19, 1971.

VICENTE N. SANTOS,
President.
DANIEL T. MUNA,
Legislative Secretary.

Mr. YATES. What provoked that resolution?

Mr. JOHNSTON. A long-time desire expressed on their part to become U.S. citizens and probably to associate with Guam.

Mr. YATES. No other districts have indicated similar sentiments?
Mr. JOHNSTON. To my knowledge, no.
Mr. YATES. At least not by formal resolution of this legislature?
Mr. JOHNSTON. That is correct?

CRIMINAL COURT CASE BACKLOG

Mrs. HANSEN. Your backlog of criminal cases at the end of 1970 was 328. May we have your comments on this please.
Mr. JOHNSTON. In one respect, on Ponape a few days ago I talked with our new chief justice, Judge Burnett, and he and his two associate justices have now cleared up the backlog of appeals cases in the entire eastern districts and they are making progress clearing up the backlog of cases. They feel within the present year they will make great strides in that area.

COST OF MEDICAL REFERRALS

Mrs. HANSEN. You are requesting $100,000 for medical referrals. What does the increased cost of medical referrals include?
Mr. JOHNSTON. We have to refer certain cases that cannot be handled by our hospitals to Guam or Hawaii. We do have a letter pending right now to the Defense Department asking for some relief for the trust territories in the escalating costs of medical referrals. The cost has gone up steadily, just as it has in——
Mrs. HANSEN. Why do you have to ask the Defense Department?
Mr. JOHNSTON. We refer many of our patients to the Guam Naval Hospital.
Mrs. HANSEN. Why are they raising the cost?
Mr. JOHNSTON. This is our question, Madam Chairman, but they have raised it and we have to anticipate——
Mrs. HANSEN. What is the amount of the increase?
Mr. SETIK. That is about $59 per day.
Mr. JOHNSTON. That went up from $52 to $59.

INCREASE FOR MEDICAL SUPPLIES

Mrs. HANSEN. You are requesting an increase of $204,200 for increased requirements for drugs and medical supplies. Is this due to the expansion of your health program?
Mr. JOHNSTON. That is correct, and the need to stock these new dispensaries properly.
Sometimes even the old, beaten-up dispensaries we had had no drugs in them anyway. Now we are trying to have the dispensaries properly stocked with a basic supply of drugs and have the——
Mrs. HANSEN. Where do you get your drug supplies?
Mrs. JOHNSTON. We get some from the naval supply depot on Guam and others we have to order through regular channels.

Mrs. HANSEN. You receive nothing through the U.S. Public Health Service?

Mr. JOHNSTON. I don't believe we do. The materials for innoculations come from the Communicable Disease Center in Atlanta, or through their facilities.

STAFFING INCREASE

Mrs. HANSEN. You are requesting an increase of $372,000 to strengthen the health service staff. Is this for your hospital staffing or for your general health program?

Mr. JOHNSTON. I think a great amount of that is in staffing the new hospital.

One hundred and fifteen of these are new Micronesian positions and a great many of those would be at the Truk hospital and for the expanded health aid program.

POPULATION SERVED

Mrs. HANSEN. How many people in the Trust Territory do you serve with your health services per year?

Mr. JOHNSTON. Do you mean the total number of patients?

Mrs. HANSEN. What percent of your population do you serve with your health facilities?

Mr. JOHNSTON. We reach almost the entire population, when you consider the field trip ships will carry a doctor, or a nurse, and will provide medical care during the day, or two days that they are in that area.

INCREASE FOR OUT-ISLAND SERVICES

Mrs. HANSEN. You are requesting an increase of $947,000 for hospitals and out-island services. How much of this is for the out-island services?

Mr. JOHNSTON. We haven't that broken down.

Mr. OYLER. We can provide an estimate for the record.

Mrs. HANSEN. Please do.

(The information follows:)

It is estimated that $200,000 of the $947,000 increase would be for outer island services.

ENVIRONMENTAL HEALTH AND SANITATION

Mrs. HANSEN. You are requesting $251,000 for environmental health and sanitation. Is this an educational program in the health field?

Mr. JOHNSTON. Yes, ma'am.

Mrs. HANSEN. How successful is this program?

Mr. JOHNSTON. I think it is becoming more successful all the time. We are still sort of pioneering that program but we need to, it seems

to me, to get it into every one of our languages to reach the people and be fully effective.

Mrs. HANSEN. How many languages do you have in the Trust Territory?

Mr. JOHNSTON. The report of the political status commission last year ended up being translated into eight languages. There are more than that, but basically it was felt that the majority of the population would be covered in eight.

DENTAL SERVICES

Mrs. HANSEN. You are requesting an increase of $56,000 for your dental services. How adequate are your dental services, particularly in the outer island areas?

Mr. JOHNSTON. We undoubtedly don't meet them as well in the outer islands as we do in the district centers, but there again a dentist can go on the field trip vessels and we are stressing more and more dental health. The prevention end of dental problems rather than the curative end.

Mrs. HANSEN. This $56,000 will provide how many new positions?

Mr. JOHNSTON. Nine new positions. The largest single item is $41,000 for Micronesian personnel, including $10,000 for salary increases, and $18,000 for nine new positions.

Mrs. HANSEN. Are these Micronesian dentists that have been trained?

Mr. JOHNSTON. Either dentists or dental assistants. Our chief of dental services is a dental officer trained in Fiji and although we have the help of some American dentists, all of our district dental directors are Micronesian dental officers.

TRUST TERRITORY SCHOOL OF NURSING

Mrs. HANSEN. You are requesting an increase of $9,000 for the Trust Territory School of Nursing. Are you beginning, through your School of Nursing, to meet the total needs in the Territory for adequately trained nurses?

Mr. JOHNSTON. Yes, Madam Chairman.

Mrs. HANSEN. Do the nurses visit the outer islands?

Mr. JOHNSTON. They go with the field trip vessels.

FREQUENCY OF FIELD TRIP SAILINGS

Mrs. HANSEN. How often do your field trip vessels make their trips?

Mr. JOHNSTON. Well, at one time there were allegations that it was sometimes 6 months between trips and we now have it down to where, barring real unforeseen accidents like a ship going on a reef or something, we can hit every outlying area at least every 30 days, except in one remote area of Palau where it is still about 60 days, which would mean a field trip vessel would call six times a year there and normally 12 times a year in the other areas.

Now, we don't always meet that schedule. These ships are old, as you commented before. The newest one is 20 years old, and we do have a program of trying to replace them. We are getting some help from the Department of Defense in loaning its vessels and there should be a definite improvement in it over the next 5 years.

HOSPITAL OCCUPANCY RATE

Mrs. HANSEN. You indicate in the justifications that you have 59 percent occupancy in the Marianas district hospitals. To what do you attribute the fact that there isn't relatively more occupancy? Is it the good health in the area?

Mr. JOHNSTON. That was the only explanation given to me. I asked Dr. Peck about that specific problem and he said we have just built hospitals to take care of a reasonable maximum usage and they just aren't being used to full capacity.

Mrs. HANSEN. But everybody has the opportunity to use the hospital service?

Mr. JOHNSTON. Yes.

Mrs. HANSEN. This is a decided improvement.

Please insert in the record the percent of occupancy 5 years ago.

(The information follows:)

There were 460 hospital beds available in fiscal year 1965, with an average daily census of 370, or about 80 percent occupancy. There were also about 238,000 outpatient visits. There were 491 beds available in fiscal year 1970, with an average daily census of 323, or about 66 percent occupancy. There were also about 259,000 outpatient visits.

SCHOOL ENROLLMENT

Mrs. HANSEN. What is the school enrollment in the Trust Territory?

Mr. JOHNSTON. Is it all right if Mr. Yarberry answers that?

Mr. YARBERRY. Madam Chairman, the enrollment for districts in public and private schools is 29,548 in public schools and 5,084 in the nonpublic schools at the present time. We have these broken down by district and by grades and so on.

Mrs. HANSEN. Please insert the information in the record.

(The information follows:)

NUMBER OF PUBLIC SCHOOLS AND ENROLLMENT BY DISTRICTS

SCHOOL YEAR - 1970-1971

DISTRICT	NO. OF ELEMENTARY SCHOOL	ENROLLMENT GRADE-GRADE 1-8	9-10	NO. OF SECONDARY SCHOOL	ENROLLMENT GRADES 9-12	TOTAL
Marianas	1/ 12	3235	295	1	521	4,051
Marshalls	53	4978	-0-	1	616	5,594
Palau	23	2928	-0-	1	645	3,573
Ponape	37	5360	-0-	2	2/ 692	6,052
Truk	52	7196	-0-	4	3/ 901	8,097
Yap	25	1689	-0-	2	4/ 492	2,181
TOTAL	202	25386	295 5/	11	5/ 3867	29,548

1/ In Marianas: Hopwood, Rota and Tinian elementary schools have 9 grades. Marianas High School grades 10, 11, and 12 only.

2/ Ponape Island Central School - 428 Kusaie High School - 264. Total 692.

3/ In Truk - THS, Moen (9-12) 551, Faichik (9-11) 115, Satawan (9-11) 168, Weipat, Ulul (9-11) 67.

4/ There are 123 students in the 7th & 8th grade at Outer Island High School. Yap High School (9-12) - 263, Outer Islands High School (Ulithi) (9-12) - 229.

5/ Total enrollment for secondary is 4162.

NUMBER OF NON-PUBLIC SCHOOLS AND ENROLLMENT BY DISTRICTS

SCHOOL YEAR - 1970-1971

DISTRICT	NO. OF ELEMENTARY SCHOOL	ENROLLMENT GRADE-GRADE 1-8	9-12	NO. OF SECONDARY SCHOOL	ENROLLMENT GRADES 9-12	TOTAL
Marianas	1/ 1	202	0	1	203	405
Marshalls	2/ 7	864	55	2	544	1,463
Palau	3/ 3	565	0	4	394	959
Ponape	4	587	0	1	130	717
Truk	4/ 5	1098	15	2	223	1,336
Yap	1	204	0	0	0	204
TOTAL	21	3520	70 5/	10	1494 5/	5,084

1/ Mt. Carmel School in Saipan operated grades 1, 6, 7, 8 in Elementary and grades 9 thru 12 in Secondary.

2/ Laura and Uliga Elementary Schools operated 9th grades this year. Calvary Bible Institute operated grades 1-8 and grades 9-12.

3/ Bethania Secondary School operated a 7th and 8th grade.

4/ Philadelphia Elementary operated a 9th grades at 15 students.

5/ Total enrollment for secondary is 1564.

SCHOOL-AGE POPULATION

Mrs. HANSEN. How many youngsters of school age are there so that we can have a comparison between the enrollment and those who are not in school?

Mr. YARBERRY. Madam Chairman, the elementary school population of 25,386 is very close to the number of students in age.

Mrs. HANSEN. So there are very few who are not attending school?

Mr. YARBERRY. That is right, at the elementary level. That is grades 1 through 8.

Mrs. HANSEN. How many youngsters at the secondary level are in school?

Mr. YARBERRY. Madam Chairman, the secondary enrollment is another thing. For the public and nonpublic secondary schools, the in-age population is 5,726. In nonpublic schools it is 1,564, so that the public need is 5,316. Public capacity is approximately 60 percent of that.

INSUFFICIENCY IN SECONDARY SCHOOL FACILITIES

Mrs. HANSEN. Why is the ratio so small?

Mr. YARBERRY. May I add this is a very uneven figure from district to district. We have made an analysis. For example, in the western districts virtually all of the in-age children do attend public or nonpublic high schools.

In the eastern districts—there are variations in this—some places it is only one in five.

Mrs. HANSEN. Why the difference?

Mr. YARBERRY. Partly because of an uneven construction program in past years. This would be the large reason.

Mrs. HANSEN. I notice in your justifications that you do not have enough dormitory space.

Mr. JOHNSTON. That is one of the big problems.

Mr. YARBERRY. We now have 11 public high schools.

PUBLIC HIGH SCHOOL ATTENDANCE

Mrs. HANSEN. Will you insert in the record a list of your high schools, where they are located, the number of pupils in each school, and indicate how many students have dormitory space, and the needs for dormitory space?

Mr. YARBERRY. Yes.

(The information follows:)

PUBLIC HIGH SCHOOLS

School Year 1970-1971

Name of School	Location	Number of Pupils	Pupils Dormitoried	Dormitory Space Needs*	Add'l Beds Needed
Marianas High School (10-12)	Saipan, Marianas Is.	521	-o-	None	-
Hopwood Jr. High School (9th Grade)	Saipan, Marianas Is.	244	-o-	None	-
Tinian Elementary School (9th Grade only)	Tinian, Marianas Is.	23	-o-	None	-
Rota Elementary School (9th Grade only)	Rota, Marianas Is.	28	-o-	None	-
Palau High School	Koror, Palau	645	80	112 1/	112
Yap High School	Yap	263	35	None	-
Yap Outer Islands High School (excludes 7-8 Grades)	Ulithi, Yap	229	195	56 2/	225
Truk High School	Moen, Truk	551	440	48 3/	-
Faichuk Post Intermediate School (9-11)	Fason, Tol Is., Truk	115	30	184 4/	-
Satawan Post Intermediate School (8-11)	Satawan Truk	168	168	None	120
Weipat Central High School (excludes 8th Grade)	Ulul, Truk	67	61	None	120
Dublon High School	Dublon, Truk	-o-	-o-	156 5/	-
Pacific Islands Central School	Ponape	428	277	112 6/	56
Kusaie High School	Kusaie, Ponape	264	262	150 7/	-
Marshall Islands High School	Majuro, Marshalls	616	236	92 8/	224
Jaluit High School	Jaluit, Marshalls	-o-	-o-	280 9/	-
TOTALS		4,162	~~1,749~~ 1,784	1,190	857

*

* Programmed through 1972

1/ $106,000 in proposed FY 71 Supplemental to complete funding of 112-bed dormitory.

2/ 56-bed dormitory funded in FY 71 regular appropriation. Construction to start later this year.

3/ 48-bed dormitory funded and nearing completion.

4/ One 72-bed dormitory (FY 70 funds) scheduled for completion early September 1971. One 112-bed dormitory (FY 71 funding) to be constructed by local forces and ready for occupancy by the end of CY 71.

5/ Two 78-bed dormitories are proposed for the new high school at Dublon within the FY 72 appropriation request.

6/ Two 56-bed dormitories scheduled to be completed mid-summer 1971.

7/ First increment of construction of an expanded replacement high school for Kusaie includes a 150-bed dormitory. The proposed FY 71 supplemental carries a request for $123,000 to complete first increment funding. Construction by local forces to be underway by mid-year.

8/ One 92-bed dormitory (FY 70 funding) to be completed mid FY 72.

9/ New school for Jaluit. FY 70 funds provide for a 90-bed dormitory. The proposed FY 71 supplemental will fund an additional 90-bed dormitory. Both dormitories would be completed by June 1972. The FY 72 request provides for construction of a 100-bed dormitory.

Mr. YARBERRY. All but one of those high schools are dormitory high schools. Only one is not a dormitory high school.

Mrs. HANSEN. Which one is that?

Mr. YARBERRY. This is in Saipan in the Marianas.

ELEMENTARY SCHOOL DORMITORIES

Mrs. HANSEN. How many of your elementary schools require dormitories?

Mr. YARBERRY. We have some schools we are now calling intermediate schools with dormitories, but other than that all of our elementary schools are local and not dormitory schools.

TEACHER TRAINING

Mrs. HANSEN. For years there has been a question about the lack of training for some of your teachers. How adequate is the training?

Mr. YARBERRY. Madam Chairman, we have several arms to our teacher training program. This past year we estimate that the profile in training has moved from 11.1 years of education for the teacher to just at 12 years.

PROFILE OF EDUCATIONAL ATTAINMENT

Mrs. HANSEN. What is the comparison in your teacher training level today with 5 years ago?

Mr. YARBERRY. May I comment on that, Madam Chairman, for just a moment?

Mrs. HANSEN. Please do.

Mr. YARBERRY. The very dramatic acceleration of teacher training is probably one of our highest priorities other than school construction. We have several ways in which we are training teachers, both preservice and inservice. Training in teachers in the preservice work at the community college and the 2-year program there. We are training inservice in our district teacher training centers in each of the districts.

In addition to that, we are sending away an increasing number of teachers to the schools outside the Territory. These are the three major ways in which we are training.

Now, in addition to that, between 500 and 600 of our inservice teachers this year will have some sort of inservice workshops in their schools or close to their schools that are there so that in these ways we are increasing the training of the teachers.

LANGUAGE OF INSTRUCTION

Mrs. HANSEN. You teach in the Micronesian language. What is your second language?

Mr. YARBERRY. Madam Chairman, this is one of our more notable improvements, we think. We are half way through in completing an orthographic study in 10 major languages. In grades 1 through 3 we begin the education in the local language; the TESL program, which is also very strong now, begins either in the second or third grade. So, as we have the orthographic studies, with dictionaries and grammars

for the first time in the 10 major languages, this will allow us to have a more viable system which is what we are building for. I think this is a very notable improvement in the last year or year and a half.

The orthographic studies are halfway through. They are being carried out with quite a number of Micronesians involved in the studies and specifically with the Institute in Hawaii.

DEVELOPMENT OF MICRONESIAN CURRICULUM TEXTBOOKS

Mrs. HANSEN. How adequate are your textbooks?

Mr. YARBERRY. We have had serious problems, as we have discussed with the committee previously. We have completed one very notable Micronesian textbook called "Micronesian Backgrounds" which is a social studies textbook. We are developing in the particular curriculum areas, Micronesian adaptations in curriculum. For example, in science we are developing with Micronesian teachers and outside curriculum experts, science for Micronesian students. Our mathematics program is being carried on in the same way.

All of these things we think are really not merely replicating an American system with American textbooks, but we are developing local materials as well.

KINDERGARTEN PROGRAM

Mrs. HANSEN. Do you have any kindergartens in the Trust Territory?

Mr. YARBERRY. We have one preschool, an Ebeye school, and we have Head Start programs in the districts.

CLASSROOM AND TEACHER NEEDS

Mrs. HANSEN. Please insert in the record how many more classrooms are needed throughout the area and how many teachers this is going to require?

Mr. YARBERRY. We have this charted out and it is being adjusted as we refine our reporting and statistical figures.

Mrs. HANSEN. Insert it in the record.

(The information follows:)

Comparison of Micronesian teacher training levels, 1965 and 1970 (Public Schools)

	1965	1970
No. of teachers		
Elementary		
certificated	367	885
non-certificated	292	119
Secondary		
certificated	24	75
non-certificated	5	1

Note: The percentage of certificated Micronesian teachers increased from 50% to 88% during this five-year interval, as the number of Micronesian teachers increased from 688 to 1080.

Estimated Classroom and Teacher needs through FY 1977:

Classrooms:	
Elementary	197
Secondary	153
*Teachers:	
Elementary	200
Secondary	160

* Additional teachers

Kindergarten Needs:

Estimated 2420 students under 6 years to be added in kindergarten.

2420 students equals 121 classrooms

121 C.R. @ $15,000 = $1,815,000

121 C.R. means 121 teachers @ $2,000 = $242,000.

ENROLLMENT STATISTICS

Mr. McDade. Would you go over the figures again for me, please, on secondary education? I am afraid I didn't follow them. The number of children and the population that could be served and how many are served in the secondary schools.

Mr. Yarberry. This varies from district to district. The estimated in-age population for secondary schools is 5,726. This is public and nonpublic. This is a rather soft figure because we have a considerable overage student group we could draw from and who do aspire to go to school.

Mr. McDade. Public schools would that be?

Mr. Yarberry. Madam Chairman, I would answer this way, that the average, that is, the mean age, rather, for high school seniors, the last figure I had here was 21 years old. So the actual number knocking at the door in somewhat larger than this in-age figure which I gave

Mr. McDade. You gave a figure of about 34,000 in the elementary grades, didn't you, 29,000 in public and 5,000 in nonpublic?

Mr. Yarberry. A total of 34,000. This is total enrollment.

Mr. McDade. 34,000 total enrollment in the elementary grades?

Mr. Yarberry. I am sorry if I gave it that way because it includes elementary and secondary.

Mr. McDade. That is elementary and secondary?

Mr. Yarberry. Yes.

Mr. McDade. Break it out for me. What is the elementary part of that?

Mr. Yarberry. The elementary part of that for the public schools is 25,386.

Mr. McDade. I am trying to get the relationship between the number of children who are in primary grades and the number who are in the schools at the secondary level. I am trying to correlate what appears to be an enormous drop. I am trying to get the figure.

Mr. Yarberry. Elementary enrollment is 25,386. Secondary enrollment in the public schools is 4,162.

In the nonpublic schools, the elementary enrollment is 3,520, and the secondary is 1,564.

The total enrollment in the public schools is 29,548. Total enrollment in the nonpublic schools is 5,084 and the total school enrollment is 34,632.

TIME REQUIRED TO ACHIEVE SECONDARY SCHOOL NEEDS

Mr. McDade. On your estimate for schoolroom capacity, how long will it take to get to the point where the child in elementary education is going to be readily accepted into the secondary schools?

Mr. Yarberry. Our estimate is that we will be coming close to a reasonable figure by 1977. Remembering that the elementary enrollment is open for all students at the present time, so obviously the holdup is in secondary schools.

We are designing, or we are advocating a voluntary secondary school system with an estimated 10 percent dropout, which is what we found out so far, year by year, and approximately 10 percent of the in-age students not wishing to attend, so we are designing for 1977, a capacity for approximately 80 percent of the in-age students.

OVERAGE SCHOOL ATTENDANCE

One of the variables in this up through that time is that we will increasingly shift the age per grade down to the typical 18-year-old graduate but at the present time, especially in outer islands, the number of students, 21, 24, 27, is fairly large. So that the number of overage students, although it is still dropping every year, it must drop gradually and by 1977 we estimate we will have secondary capacity for 80 percent of the in-age population.

At the present time, in the United States, I think it has moved to about 75 percent of the in-age students who are in high schools. There should be some comparability there.

CRITERIA USED FOR SECONDARY ENTRANTS

Mr. McDade. How do you decide what criteria you use to determine who gets into the secondary system now?

Mr. Yarberry. In the western districts all who wish to attend school. In the eastern districts we have entrance testing each spring and depending usually upon dormitory capacity, we then limit the admissions in that way.

SECONDARY SCHOOL APPLICANTS AND ENROLLMENT

Mr. McDade. Can you give me a number for the eastern district of those who apply who get in?

Mr. Yarberry. As I say, this varies.

In the Truk district we estimate about one in four. Maybe this year a little over that because of the three new ninth grades located in different places.

In Ponape district about one in five this year, and in the Marshall district about one in five who wish to go, do get to go.

Mrs. Hansen. In other words, if you have more dormitory space, you will be able to increase your enrollment?

Mr. Yarberry. Yes.

DORMITORY NEEDS

Mrs. Hansen. Please insert in the record the number of dormitories needed in the districts.

Mr. McDade. Is that part of the chart you are developing?

Mr. Yarberry. Yes.

(The information follows:)

DORMITORIES NEEDED IN EASTERN DISTRICTS

District	Beds programed through fiscal year 1972 [1]	Additional beds needed
Truk	388	240
Ponape	262	56
Marshalls	372	224
Total	1,022	520

[1] Includes construction with fiscal years 1970 and 1971 funds that is underway, as well as that proposed for construction in a fiscal year 1971 supplemental and the fiscal year 1972 request.

Mrs. Hansen. The committee will adjourn until 10 o'clock tomorrow morning.

WEDNESDAY, MARCH 10, 1971.

Mrs. HANSEN. The committee will come to order.

PUPIL-TEACHER RATIO

What is your pupil-teacher ratio in your schools?

Mr. YARBERRY. The pupil-teacher ratio varies a great deal from place to place, of course. The territorywide teacher-pupil ratio is 25 to 1 in the elementary schools and about 21 to 1 in the high schools. This varies from 36 to 1 to maybe 11 to 1.

Mrs. HANSEN. Yesterday we discussed your lack of dormitory facilities.

Mr. YARBERRY. Madam Chairman, we have a study which we have made which we would like to enter in the record.

Mrs. HANSEN. Please do.

(The information follows:)

DORMITORIES NEEDED—TRUST TERRITORY

	Beds[1] programed through fiscal year 1972	Additional beds needed	Total
Western districts	168	337	505
Eastern districts	1,022	520	1,542
Total	1,190	857	2,047

[1] Includes construction with fiscal year 1970 and fiscal year 1971 funds that is underway, but not yet completed, as well as that proposed for construction in a proposed fiscal year 1971 supplemental and the fiscal year 1972 request.

Mr. YARBERRY. It's an extensive analysis of school construction and pupil placement.

5-YEAR CONSTRUCTION PROGRAM

Mrs. HANSEN. At your current rate of school construction will you be able to meet your needs?

Mr. YARBERRY. In numbers of schools, I would say yes. In numbers of replacements and needing to bring some of the non-standard schools up to standard, it would be an on-going process.

Mrs. HANSEN. Will this be a continuing effort?

Mr. YARBERRY. I would say so, yes. It's partly due to such things as renting schools in certain areas, having relatively simple or thatched schools.

Mrs. HANSEN. You are renting your school facilities?

Mr. YARBERRY. Yes. In some districts, for example, we are renting space in municipal buildings and in other places and using this for school space.

Mrs. HANSEN. There also is another ingredient that could change the whole picture almost overnight and that is your hurricane or typhoon situation.

Mr. YARBERRY. Yes.

Mrs. HANSEN. How many dormitories do you need to complete in 5 years in order to increase the secondary school age population?

Mr. YARBERRY. Madam Chairman, the enrollment in secondary schools depends partly on dormitories, of course, because a high number of students are dormitory students.

Mrs. HANSEN. Is this because of built-in transportation difficulties?

Mr. YARBERRY. Yes. But it also depends upon classroom spaces and teaching stations.

Mrs. HANSEN. How many dormitories are necessary to meet your needs in 5 years?

Mr. YARBERRY. We have this in the study [See p. 948], Madam Chairman.

ADEQUACY OF CONSTRUCTION PROGRAM

Mrs. HANSEN. Very good. At the present level of your authorized funding ceiling, could you construct enough schools and dormitories so that within 5 years you can assure the youngsters in Micronesia the opportunity to attend secondary or elementary school?

Mr. YARBERRY. According to our projections at this time, they would be able to be in schools.

ACCELERATION OF CONSTRUCTION PROGRAM

Mrs. HANSEN. If this program were to be completed in a shorter period than 5 years, because 5 years is a long time to deprive young people of an opportunity to have an education, how much would it cost per year for a crash program?

Mr. YARBERRY. Madam Chairman, in the fiscal years 1972 through 1977, the levels of funding per year are $2.5 million each fiscal year. Spaced in this way, this does project to include enrollment that we have talked about. So I would say that any acceleration would take some compounding of those.

Mrs. HANSEN. Would it take almost double the present level of funding?

Mr. YARBERRY. Yes.

Mrs. HANSEN. Under your present funding ceiling, do you feel that this could be done?

Mr. YARBERRY. No.

PRIORITY OF SCHOOL CONSTRUCTION

Mrs. HANSEN. Would it be possible to change your priorities and provide more funds for education?

Mr. YARBERRY. Madam Chairman, as the High Commissioner said yesterday, at various levels and in several areas we have discussed priorities very widely, priorities set by each district as far as infrastructure, schools and other things.

EDUCATIONAL PRIORITIES

Mrs. HANSEN. What is the first priority of the districts?

Mr. JOHNSTON. In the eastern districts it's definitely secondary education.

Mr. McDade. That is where the problem is most severe?

Mr. Johnston. Right. In the western districts, which is Palau, Yap and the Marianas, we do not have this crisis. It's in the eastern districts.

Mrs. Hansen. Can you shift your funding in such a way that you could increase your level of funding for the eastern districts?

Mr. Johnston. We certainly will be urged to do this by the Congress of Micronesia. They give an extremely high priority to secondary education. One area that money comes from to beef up secondary education is from elementary education.

Mrs. Hansen. What are the eastern districts?

Mr. Johnston. The eastern districts are Truk, Ponape, and the Marshalls.

Mrs. Hansen. What are the critical secondary school needs?

Mr. Yarberry. Madam Chairman, we do have that outlined in this district by district.

Mrs. Hansen. That is fine. I think you need to reassess your priorities and expand your dormitory facilities for your secondary school youngsters. I don't believe that a youngster should have to wait 5 years.

SECONDARY SCHOOL PUPIL AGE

Your average youngster who enters secondary school is about 13 or 14 years of age.

Mr. Yarberry. That is true in the United States. It's usually later in Micronesia.

Mrs. Hansen. If a youngster is delayed 5 years from entering secondary school, at age 20 he is not going to go back to school. Is this not correct?

Mr. Yarberry. Yes.

Mrs. Hansen. By not providing an academic or vocational experience you have said in effect that this young person is deprived of an education beyond the elementary level.

Mr. Yarberry. Madam Chairman, in some schools—I am thinking now of the outer islands high school in the Yap District—the age of students is much older. I mentioned this in the hearing yesterday. It's perhaps up to 26 years for the seniors, 23 years for the juniors, and on down in that level. As I said yesterday, we are moving back in the age levels, but they are older students, especially in the more remote schools.

Mrs. Hansen. A youngster of 13 may have no idea what he is missing in secondary school, but when he reaches 17, 18 and 19 he is deeply aware of what he is missing. I think you can trace perhaps some of their frustrations to this very source.

REASSESSMENT OF PRIORITIES

It would seem to me you ought to reassess those priorities and step up this educational process in these eastern districts. It is imperative that you give these young people their opportunity.

Mr. Yarberry. Yes.

COST OF DORMITORIES

Mrs. HANSEN. How much does an average dormitory cost?

Mr. YARBERRY. The dormitories that we have been building in the western districts are costing about $180,000, and that will house about 112 students.

DORMITORY NEEDS IN EASTERN DISTRICTS

Mrs. HANSEN. How many dormitories do you need in those eastern districts?

Mr. JOHNSTON. While he is looking for that figure, one thing we might put on the record, Madam Chairman, to show the relative priority that we give to the eastern districts, in our fiscal year 1972 request for $2,400,000 for secondary education construction, only $100,000 is in the western districts and the other $2,300,000 is in the eastern districts.

Mrs. HANSEN. When is this construction going to be completed?

Mr. YARBERRY. At the end of 1972, in the Marshalls. In 1973, we have a dormitory scheduled and also in 1974, also in 1976. In 1977, we have the first——

Mrs. HANSEN. I think this is going to be too late.

Mr. YARBERRY. This is just one district, Madam Chairman.

Mrs. HANSEN. I know.

DORMITORIES AND BOARDING STUDENTS

Mr. MCDADE. On the question of dormitories, how many dormitory beds have you in the western system and in the eastern areas?

Mr. YARBERRY. Madam Chairman, we need to furnish the committee with that. We have information. I just do not have it with me.

Mr. MCDADE. I want to get at this question. I assume you have these because you have children who want to come in from off-islands, outer islands in the district centers. But that certainly can't be a large portion of your school population, is it?

Mr. YARBERRY. Yes.

Mr. MCDADE. What percentage?

Mr. YARBERRY. It varies from 60 percent to 90 percent in the high school.

Mr. MCDADE. Where would it be 60 percent and where would it be 90 percent?

Mr. YARBERRY. In the Palau District I would say it's perhaps lower. But there is another problem, that is, that so many students are staying with friends and family in the district center in Koror, that it causes a very definite social problem.

Koror would be relatively a low figure.

Mr. MCDADE. What is the low figure? Give me the figure? Could you do that?

Mr. YARBERRY. I would hate to just pull these out of the air. I can furnish that.

Mrs. HANSEN. Please insert the information in the record.

(The information requested follows:)

Secondary Dormitory Beds and Percentage Students Dormitoried
By District

School Year 1970 - 1971

	Total Students Enrolled	Number of Beds	Percentage of Students Dormitoried
Western Districts:			
Marianas	816	-0-	-0-
Palau	645	80	12
Yap	492	230	47
Sub-total - Western	1,953	310	16
Eastern Districts:			
Marshalls	616	236	38
Ponape	692	539	78
Truk	901	699	78
Sub-total - Eastern	2,209	1,474	67
Total	4,162	1,784	43

DORMITORY STUDENT POPULATION

Mr. YARBERRY. But it would be that perhaps half the students would be in dormitory and half not, with a large number of students staying with relatives and in the community.

Mr. MCDADE. I still don't know what we mean by large numbers staying with relatives and in the community. We want to get the children in school. That is what the committee wants to do, and I know you want to do it. By questioning you I am trying to figure out what your situation is, but I can't do it if I am unable to get figures from you.

Mr. YARBERRY. Let me draw a couple of pictures of this in variations.

In the Yap District, the high school has a very small dormitory population because the students come from the surrounding area by bus, many of them, and so on.

Mrs. HANSEN. You don't have many youngsters attending the Yap high school from the outer islands?

Mr. YARBERRY. I was going to contrast that with the outer islands high school in the same district. That is, at Ulithi.

Mr. MCDADE. How many children does it serve?

Mr. YARBERRY. It serves about 300 students.

Mr. MCDADE. And the one on Yap?

Mr. YARBERRY. They are about equal in size for grades 9 through 12.

Mr. MCDADE. Is that about 300 children?

Mr. YARBERRY. Yes; in the outer islands high school, the dormitories would house perhaps 90 percent or more; in Yap proper, maybe 20 percent.

TIME SPENT IN DORMITORIES

Mr. MCDADE. In the outer islands where you have 90 percent of the children housed in dormitories, are they housed through 5 days a week throughout the entire school year, or only on an emergency basis?

Mr. YARBERRY. Seven days a week through the whole term.

Mrs. HANSEN. Do they have a Christmas vacation recess?

Mr. YARBERRY. They don't go home for that. They come from as far away as 500 or 600 miles, from other islands. So it's an entirely different situation.

Mr. LOESCH. Let me interject here, the transportation.

Mrs. HANSEN. I understand.

Mr. MCDADE. We are trying to develop some of that so we can understand this better. We have to put it in the framework of 25,000 children in the area of the size of the United States.

SECONDARY SCHOOL ENTRANCE POPULATION

Mrs. HANSEN. Isn't it only a portion of the 25,000 students who are entering the school each year? Please insert in the record the number of students entering intermediate schools each year.

Mr. YARBERRY. Yes.

(Note: The information was not supplied to the committee in time to be included in printed hearings.)

SECONDARY CONSTRUCTION PROGRAM

Mrs. HANSEN. Your building program should be adequate so that you can accommodate the incoming students each year.

Please insert in the record a chart showing what needs to be done in this area.

(Note: The information was not supplied to the committee in time to be included in printed hearings.)

ACCOMMODATION OF EIGHTH GRADE GRADUATES

Mr. SETIK. Madam Chairman, may I interject?

Mrs. HANSEN. Yes.

Mr. SETIK. Along this line I would like to say in the next 5-year plan, for example, which came to our attention during the hearings, that for the school year ending this summer, for the Marshalls, for example, there were 700 children who would be graduating from the eighth grade who are eligible for high school, 77 are able to attend.

Mrs. HANSEN. This is what is wrong.

Mr. SETIK. In addition, there were over 600 children in Ponape District who would be graduated from eighth grade of which about 400 would be out of the school. Same situation for Truk.

CRITICALITY OF DORMITORY SPACE

Mrs. HANSEN. Of those 600, how many will require dormitory space? You can deal with classroom shortages easier than you can deal with lack of dormitory space. It's your dormitory construction that is the basic ingredient in these districts where you have a preponderance of youngsters who come from long distances.

FOSTER HOME BOARDING

I don't think foster home boarding is an adequate solution.

Mr. YARBERRY. Madam Chairman, we explored this and we have called it a stipend system. It has been very unfortunate in many ways, we think, even though we do try it in desperation.

Mrs. HANSEN. It's very difficult to take teenagers into strange households. Isn't this correct?

Mr. SETIK. Yes, it is.

Mrs. HANSEN. Particularly in the kind of society that you have in the Trust Territory.

Mr. SETIK. Yes.

Mrs. HANSEN. You don't have large houses and you are not geared for this kind of living. I think you had better forget that as being one of your considerations. It doesn't work very well in the United States. You have the same problem with dormitories that the Bureau of Indian Affairs has. Many people today who are talking about abolishing every dormitory are not aware of the practicalities which you face with regard to water and transportation.

Mr. MCDADE. Would you yield?

Mrs. HANSEN. Yes.

DISTRICT VARIATION IN EDUCATION NEEDS

Mr. McDade. Just a general background question. Why is there this difference in the educational crunch between the east and the west sections of the territories? Why does this difference exist?

Mr. Yarberry. The historical reason for this, or one of the major reasons, is that construction and so on was started district by district and started in the west rather than in the east. For years, the eastern districts were more ignored than the western districts.

Mrs. Hansen. How long have the eastern districts been ignored?

Mr. Yarberry. We really began to fight for balance in this about 2½ years ago.

Mrs. Hansen. It goes back a long period of time.

Mr. Yarberry. Yes. We are beginning to see some end to the imbalance, but it can't be accomplished quickly.

Mr. Johnston. The Marianas got the break, if you would call it that, of the destructive force of Typhoon Jean and the facilities were all rebuilt.

(Discussion off the record.)

Mr. Johnston. Also, there was a tendency to take x number of dollars divided evenly six ways. The big bulk of our population is in the eastern districts, so that they should have been getting a greater share. But they weren't, they were getting just an equal share.

Mr. McDade. We have changed that now, have we?

Mr. Johnston. Yes. As Mr. Yarberry said, starting about 2 years ago the Congress of Micronesia declared the eastern districts an educational disaster area. We have been giving it every priority since then

Mr. McDade. Fine. Thank you.

ELEMENTARY INCREASE REQUESTED FOR 1972

Mrs. Hansen. You are requesting an increase of $652,000 for elementary education. What is this going to accomplish?

Mr. Yarberry. Madam Chairman, the increases come in staffing and in training of teachers and in decreasing the pupil-teacher ratio in certain high pupil areas.

Mrs. Hansen. This is all for personnel?

Mr. Yarberry. Yes.

SECONDARY INCREASE REQUESTED FOR 1972

Mrs. Hansen. Justify your requested increase of $635,000 for secondary education.

Mr. Yarberry. The large increase in secondary was in personnel also. As these high schools open and we increase the enrollments, we increase the staffing.

FUNDS REQUESTED FOR IN-SERVICE TEACHER TRAINING

Mrs. Hansen. Why have you requested a decrease in the inservice teacher training of $38,000?

Mr. YARBERRY. Madam Chairman, the decrease is really an apparent one rather than a real one. We are increasing the total number of trainees and funding this out of grant moneys.

Mrs. HANSEN. I understand.

FUNDS FROM OTHER FEDERAL AGENCIES

You have listed in the justifications all the funds you are receiving from grants through the various Government agencies, other than the Department of the Interior?

Mr. JOHNSTON. Yes, we have.

INCREASE REQUESTED FOR SCHOLARSHIPS

Mrs. HANSEN. You are requesting a $31,000 increase for scholarships and medical education.

How many additional scholarships will this provide?

Mr. YARBERRY. Madam Chairman, the scholarship concern should be noted in this way: that is, that as we increase this $31,000, it is really increasing in the way in which financial aid is given to students, as compared with full scholarships.

Mrs. HANSEN. I think it's very modest.

Mr. YARBERRY. May I explain by saying that in the partial grants, we do negotiate with individual institutions for a portion of the total student bill for the individual student, whether it be in boarding facilities, tuition, or waivers and things of this kind. In this way, we have extended our scholarship help, so that we do have a total of 665 students out of territory at the present time.

This means that there are fewer full scholarships, but there are more grants-in-aid, which, as the High Commissioner said yesterday, is partial payment for students. The balance of that is made up in our negotiations with institutions. So we have extended the scholarships capability.

TUITION AT COMMUNITY COLLEGE OF MICRONESIA

Mrs. HANSEN. Is your community college free to everyone?

Mr. YARBERRY. Yes. May I correct that please. We are charging I think $20 a term, or something like that, to get the idea of tuition established in community college.

Mrs. HANSEN. Is this cost comparable with other facilities in the area?

Mr. YARBERRY. This is true.

Mrs. HANSEN. Supposing a child does not have the $20?

Mr. YARBERRY. Then the tuition is waived.

INCREASE FOR MICRONESIAN OCCUPATIONAL CENTER

Mrs. HANSEN. You are requesting a $75,000 increase for the Occupational Center. Is this for staffing?

Mr. YARBERRY. This is for one U.S. position and the others are Micronesian positions in the increase in staffing. These are contract employees.

Mrs. HANSEN. You are not using civil service positions any more?

Mr. YARBERRY. That is right, as the High Commissioner mentioned yesterday.

INCREASE FOR COMMUNITY COLLEGE OF MICRONESIA

Mrs. HANSEN. You are requesting $410,000 for your community college. What was your enrollment last year?

Mr. YARBERRY. The present enrollment is 108.

Mrs. HANSEN. This enrollment isn't going to grow very fast until you have more secondary schools.

Mr. YARBERRY. This is part of the problem. I think we mentioned last year that we were thinking about establishing a new campus. The High Commissioner mentioned yesterday that we have sited a new campus and we will be projecting new facilities for this.

Mrs. HANSEN. Is the $60,000 increase for the community college for staffing?

Mr. YARBERRY. Yes.

NONPUBLIC SCHOOLS INCREASE REQUESTED FOR 1972

Mrs. HANSEN. $212,000 increase is requested for aid to nonpublic schools. Please give us the details on this. I thought your nonpublic school aid was funded by Federal grants?

Mr. YARBERRY. Madam Chairman, in the Territorial Code, there is a section which provides for certain kinds of student support, whether the student be public or nonpublic in his schooling—books, a feeding program, transportation, insurance, and so on. This takes care of that in the nonpublic schools.

NUMBER OF SCHOOLS AND PUPILS

Mrs. HANSEN. How many elementary schools do you have.

Mr. YARBERRY. We have 20 elementary.

Mrs. HANSEN. Twenty elementary?

Mr. YARBERRY. Yes; and 11 high schools or secondary schools. They avail themselves of this kind of support at their own request.

Mrs. HANSEN. How many students do those schools have?

Mr. YARBERRY. The number of elementary schools, nonpublic, is 21. There are 3,520 students. There are 10 secondary nonpublic schools with an enrollment of 1,494.

LOCATION AND SPONSORSHIP

Mrs. HANSEN Are these schools widely distributed throughout the six districts?

Mr. YARBERRY. They are widely distributed.

Mrs. HANSEN. Please insert in the record a listing of the schools, who operates them, and where they are located?

Mr. YARBERRY. Yes, Madam Chairman.

(The information requested follows:)

TRUST TERRITORY - - NON-PUBLIC ELEMENTARY SCHOOLS

School (21)	Location	Operated by
Mt. Carmel Elementary	Saipan, Marianas	Catholic
Sacred Heart	Jaluit, Marshalls	Catholic
Ebeye Protestant	Ebeye, Marshalls	United Church of Christ
Assumption	Majuro, Marshalls	Catholic
Uliga Protestant	Uliga Is., Marshalls	U.C. of Christ
Laura Protestant	Laura, Marshalls	7th Day Adventist
Calvery Bible Institute	Laura, Marshalls	Assembly of God
Mariv Stella	Koror, Palau	Catholic
7th Day Adventist Elem.	Koror, Palau	7th Day Adventist
Bethania Seminary	Babelthuap, Palau	Catholic
7th Day Adventist Elem.	Peleliu, Palau	7th Day Adventist
Christ the King	Kitti, Ponape	Catholic
Immaculate Heart of Mary	Kitti, Ponape	Catholic
Our Lady of Mercy	Kolonia, Ponape	Catholic
St. Joseph	Awok, Ponape	Catholic
St. Cecilia	Moen, Truk	Catholic
St. Anthony	Dublon, Truk	Catholic
St. Thomas	Fefan, Truk	Catholic
St. Julia	Tol, Truk	Catholic
Philadelphia School	Faichuk, Truk	U.C. of Christ
St. Mary	Yap Is.	Catholic

TRUST TERRITORY - - NON-PUBLIC SECONDARY SCHOOLS (12)

Mt. Carmel High School	Saipan, Marianas	Catholic
Laura Protestant School	Majuro, Marshalls	U.C. of Christ
Marshall Is. Christian High School	Rong Rong, Is. Marshalls	U.C. of Christ
Uliga Protestant School	Uliga, Is., Marshalls	U.C. of Christ
Bethania Seminary Girls	Babelthuap, Palau	Lutheran
Emmaus Boys	Koror, Palau	Lutheran
Palau Academy School	Koror, Palau	7th Day Adventist
Mindszenty High School	Koror, Palau	Catholic
Ponape Agricultural & Trade	Ponape, Ponape	Catholic
Mizpah High School	Moen, Truk	U.C. of Christ
Xavier High School	Moen, Truk	Catholic
Philadelphia School	Faichuk, Truk	U.C. of Christ

58-160 1927

INCREASE REQUESTED FOR LEGISLATIVE LIAISON

Mrs. HANSEN. Justify your requested increase of $11,000 for legislative liaison.

Mr. JOHNSTON. Yes. Mostly its for salary increases for Micronesian employees and normal ongoing increments for ongoing positions. These are offset by a decrease of $1,300 in other object classes. This is purely for salary increases.

FUNCTIONS OF LEGISLATIVE LIAISON

Mrs. HANSEN. Your legislative liaison can be compared to what? Is it comparable to a bill drafting service?

Mr. JOHNSTON. It's assistance to the Congressman in every way possible and keeping contact not only with the Congress of Micronesia but with the six district legislatures.

ORGANIZATION AND MAKEUP OF DISTRICT LEGISLATURES

Mrs. HANSEN. Please insert in the record the structure and makeup of your six district legislatures.

Mr. JOHNSTON. All right. We can enter that in the record.

Mr. WYATT. And how often they meet also.

Mrs. HANSEN. Yes.

Mr. JOHNSTON. This varies widely from district to district.

(The information requested follows:)

STRUCTURE OF THE 6 DISTRICT LEGISLATURES

District	Number of elected members	Period to serve (years)	How often they meet
Marianas	16	4	Twice a year.
Marshalls	39	4	Once a year.
Palau	28	4	Twice a year.
Ponape	24	4	Once a year.
Truk	27	4	Do.
Yap	19	4	Do.

INCREASE REQUESTED FOR COMMUNITY DEVELOPMENT

Mrs. HANSEN. Justify your requested increase of $26,000 for community development.

Mr. JOHNSTON. This is $20,000 for three U.S. positions which were partially lapsed in 1971. The rest of it is for ingrade increments and salary increases.

INCREASE REQUESTED FOR GRANTS-IN-AID

Mrs. HANSEN. Justify your requested increase of $177,000 for grants-in-aid.

Mr. JOHNSTON. This is one of our best programs, I think, Madam Chairman—it is becoming more and more popular—where a community puts up so many dollars in work and materials and we match. The requests come in for a small dam to provide water in a certain area, to constructing a community building, for starting a com-

munity project. These grants-in-aid were definitely an on-going program that the Congress of Micronesia and the executive branch felt should be increased.

Mrs. HANSEN. This really is a people participation program.

Mr. JOHNSTON. Right. They got right down to the smallest municipality.

HOUSING LOAN FUND DECREASE IN 1972

Mrs. HANSEN. You are requesting a decrease of $200,000 for the Housing Loan Fund. Justify this request.

Mr. JOHNSTON. Really the only reason for decreasing that is that there were other programs within the range of our appropriations that we felt were more important and that we could not sustain it at the level that we had funded it before.

Mrs. HANSEN. Have you expended all the funds which have been provided heretofore?

Mr. JOHNSTON. I don't believe we did yet.

Mrs. HANSEN. Why not?

Mr. JOHNSTON. The first funding of it was in the fiscal 1971 budget.

DELAY IN INITIATION OF PROGRAM

Mrs. HANSEN. Yes. Why haven't you expended the funds?

Mr. JOHNSTON. Just the process of starting the program. It's something new. We have a United Nations consultant who has been giving us advice on it, but the program has not actually gotten off the ground yet.

Mrs. HANSEN. Have you had a lot of requests for housing loans?

Mr. JOHNSTON. Yes. There is definitely a need for it in all of the districts.

PLANS FOR INITIATION OF PROGRAM

Mrs. HANSEN. When do you expect to initiate the program?

Mr. JOHNSTON. I would say within the next 6 months.

Mrs. HANSEN. You will be into the next fiscal year's appropriation before you expend last year's funds.

Mr. JOHNSTON. Within the next month or two we will have the money out in the districts and be started on it.

HOUSING CONSTRUCTION TECHNIQUES

Mrs. HANSEN. What construction techniques are you using? Are the people of the Trust Territory building the facilities themselves?

Mr. JOHNSTON. Yes, Madam Chairman. We primarily provide the materials and a basic plan suitable to the district. Then the people, with their friends, relatives and small local contractors, build the homes. This is not a program to create low-cost housing residential neighborhood. The people build the homes on their own property with assistance from the Government and then repay the loans.

LAND TITLE REQUIREMENTS

Mrs. HANSEN. Supposing you have a title controversy, how will this effect your housing loans?

Mr. JOHNSTON. They have to have a title to the land before they can get the loan.

Mrs. HANSEN. A clear title?

Mr. JOHNSTON. Yes.

Mrs. HANSEN. The title cannot be in dispute at the time of the loan?

Mr. JOHNSTON. Right.

Mrs. HANSEN. Will that decrease the number of requests?

Mr. JOHNSTON. Not requests. It slows down the number of grants a little bit, but the requests come in anyway.

TERMS OF LOAN REPAYMENT

Mr. LOESCH. Madam Chairman, for my information, could I ask a question?

Mrs. HANSEN. Surely.

Mr. LOESCH. How do you anticipate that the loans will be paid back?

Mr. JOHNSTON. As far as I know, the exact mechanism of that has not yet been set up.

Mrs. HANSEN. Is this part of the reason why you are not moving ahead faster?

Mr. JOHNSTON. Right. The present proposal is a maximum loan of $4,000 and a period of repayment of not more than 20 years.

INTEREST RATE

Mrs. HANSEN. What is going to be your interest rate?

Mr. JOHNSTON. The applications will be very simple. We were discussing an interest rate of 4 percent.

Mrs. HANSEN. Why don't you have the same low-interest rate as the United States gives to foreign countries?

Mr. JOHNSTON. At what percent?

Mrs. HANSEN. They are 2 and 3 percent loans. Four percent interest for Micronesia would strike me as rather high.

LAND TITLE REQUIREMENTS AND LAND SURVEY

Mr. LOESCH. I am a little more disturbed by the idea that this program does require a clear individual title, given our land system there.

Mrs. HANSEN. Mr. Commissioner, that brings up another problem. As you know, your cadastral surveys are not progressing very fast. Isn't this correct?

Mr. JOHNSTON. That is a little bit deceiving, in that so much of the ground work has been done that they are right at the point where they will be speeded up a great deal.

Mrs. HANSEN. In other words, they have yet to file the field computations.

Mr. JOHNSTON. Putting in your triangulation points, or whatever they call them, and your monuments and then we start with the titling.

Mrs. HANSEN. That is an area where you get into controversies.

Mr. JOHNSTON. Yes, that is right. Because you are going to get into controversies, and because it's going to be very important for the long-range future, you have to have just exactly the right people with the right qualifications to serve as your senior land commissioners. This has been somewhat of a problem with the staffing.

Mrs. HANSEN. You are not the only one that has this problem.

Mr. JOHNSTON. I realize that.

Mr. LOESCH. The initiation of the cadastral program didn't contemplate that the Government was going to determine who had title to the land.

Mrs. HANSEN. I understand.

Mr. LOESCH. It was only to identify the land.

Mrs. HANSEN. This is right. Mr. Loesch, you know as well as I do that before you dispose of the titles you have to have good descriptions of the land.

Mr. LOESCH. That is why I say this was for the purpose of identification of the land, but it was not contemplated that would result in individual titles.

Mr. JOHNSTON. We don't say individual title. We say title. It could be a communal title rather than an individual title. We don't require individual titles, no.

Mrs. HANSEN. That is what we want to make clear.

Mr. LOESCH. Let's make the record clear on that, because I certainly think it would put a stop to the housing program if you required individual titles—and I would be greatly opposed to it.

Mr. JOHNSTON. You would shut it off in the Marshalls.

INTEREST RATE

Mrs. HANSEN. I think you better restudy your interest rates, because it would strike me that 4 percent could be considerable in Micronesia.

ESTABLISHMENT OF PROGRAM MECHANICS

Mr. LOESCH. Maybe. I have a sort of feeling that the reason this program didn't get off the ground—this is just a feeling, not any personal knowledge—is that we have been a little too rigid in the requirements on the loans. Would that be true, Ed?

Mr. JOHNSTON. No, sir.

Mr. LOESCH. I stand corrected.

Mr. JOHNSTON. It has been the mechanics, the administrative delays. There won't be any difficulty getting the money to use once we get started.

Mrs. HANSEN. Once you have your mechanics developed and settle on an interest rate then your funds can easily be expended.

Mr. JOHNSTON. I would like the record to indicate, that under the new system in Micronesia, everything takes a little longer than other places and moves a little more slowly. Formerly, an almost dictatorial high commissioner would draw up a program. He would

send it out and say, "This is it. You live with it." But now it goes to each district.

Mrs. HANSEN. The people of the Trust Territory are not participating.

Mr. JOHNSTON. Right. And each district expresses itself and says how they would like to handle it. This takes a little longer, but in the long run it will be better.

(Discussion off the record)

FUNDS FOR CONGRESS OF MICRONESIA ELECTIONS

Mrs. HANSEN. You are requesting a decrease of $6,000 for Congress of Micronesia elections. Justify this request.

Mr. JOHNSTON. That is an off year to provide just in case there are special elections.

CULTIVATED ACREAGE AND CROP PRODUCTION

Mrs. HANSEN. Please insert in the record the number of acres of land available for cultivation in Micronesia, the number of acres now under cultivation, your principal crops, and what your crop yield per acre is.

Mr. JOHNSTON. We will insert that in the record.

(The information requested follows:)

Agricultural Data - All Districts

Principal crops, acreages, and total production

Principal Crops	Crop Acreages	Total Production in (1,000 lbs.) as of June 30, 1970
Coconut	74,256.0	35,046.6
Cacao	960.0	31.3
Vegetables	831.5	1,847.0
Citrus Fruit	523.4	175.0
Breadfruit	7,423.0	5,025.0
Banana	6,017.0	3,655.0
Taro	5,021.1	5,425.2
Yams, Sweet Potatoes, and Tapioca	2,782.5	5,302.5
Other Crops	1,221.1	784.0
Total	99,035.6	57,291.6

Note: Monetary yield per acre (by crop) is not known.

There are about 94,000 additional acres of unused arable land.

INCREASE REQUESTED FOR 1972

Mrs. HANSEN. Justify your requested increase of $132,000 for agriculture.

Mr. JOHNSTON. This includes three new U.S. positions and 13 new Micronesian positions.

Mrs. HANSEN. Are these technicians in the field of agriculture?

Mr. JOHNSTON. Yes, they are.

CROP PRODUCTION PROBLEMS

Mrs. HANSEN. I notice in your justifications that you have suitable land area to produce nearly half of your domestic rice needs and all of your vegetables and meat products. Is that correct?

Mr. JOHNSTON. That is correct.

Mrs. HANSEN. Why hasn't this been done?

Mr. JOHNSTON. It has been a combination of underfunding, understaffing and not giving enough emphasis to agriculture, plus a certain amount of lethargy that we have to overcome to get people to want to go into that area of production. We have a double job of providing the expert advice, providing the technical assistance and talking the people into going into that type of activity.

I believe we mentioned this briefly last year. We are trying now to start teaching agriculture.

Mrs. HANSEN. You mean they are not enthusiastic about being farmers?

Mr. JOHNSTON. No; they are not.

Mrs. HANSEN. Why?

Mr. JOHNSTON. In some of the districts it's because there has been a history that, just as a man starts rolling, the typhoon wipes out his crops and he has nothing left.

Mrs. HANSEN. That is the problem of farmers the world over, their combat with nature.

NEED FOR MARKETING SYSTEM

Mr. LOESCH. If I were to remark on that, I would say that one of our major problems out there is getting some kind of guaranteed marketing system set up so that there would be a market for the crops raised. I have been rather disturbed by this.

Mrs. HANSEN. Don't you have a market within Micronesia itself?

Mr. LOESCH. You would have if you had a proper distribution system.

Mrs. HANSEN. There is no distribution system?

Mr. LOESCH. And if the Government—I hate the word subsidy, but it might be necessary to get the show on the road. Ed, do you agree with that?

Mr. JOHNSTON. We have made far more progress.

Mrs. HANSEN. For every dollar you spend for imports, that is $1 less to spend in your own economy.

Mr. JOHNSTON. We have made arrangements, for example, with Air Micronesia to guarantee so many pounds of air shipment space at such and such a spatial rate for papayas if they come out of Palau.

But the papayas don't come out of Palau yet. For example, the Air Force picks up and takes to Guam some vegetables, and they could take for more vegetables than we are producing. So we do need to do a lot in the marketing.

Mrs. HANSEN. What are you now doing in the field of marketing?

Mr. JOHNSTON. Trying to arrange to get vegetables from one place to another by air. With the long distances involved, shipping is virtually out of the question. It could be done if you had elaborate vacuum chilling facilities and adequate reefer facilities on a ship, but that is almost out of the question. But the airline has been most cooperative in guaranteeing space.

Mrs. HANSEN. Do you have market facilities in the various districts?

Mr. JOHNSTON. We do in some. In some areas we have a farmers market or a farmers co-op. But that needs to be developed, too.

Mrs. HANSEN. You have a long way to go to increase agricultural production.

Mr. JOHNSTON. Yes; we do.

PROGRESS IN AGRICULTURE DURING PAST YEAR

Mrs. HANSEN. What would you say have been your major accomplishments this last year in the field of agriculture?

Mr. JOHNSTON. To me, Madam Chairman, the most significant project is one where we brought a man into Micronesia from Honolulu with the instructions that he was to write no reports, do no surveys, just do one thing, and that was to go into each district and physically teach farmers how to raise chickens and eggs. When he leaves at the end of 6 or 8 months which he is taking away from his own personal business, we will have more chickens and more eggs in every district of Micronesia.

This is the type of project that we want to do more of. There have been enough studies, enough surveys. It's a matter of encouraging people to produce and showing them how to do it correctly and profitably.

USE OF PEACE CORPS VOLUNTEERS

Mrs. HANSEN. Do you have any Peace Corps volunteers who are agricultural technicians?

Mr. JOHNSTON. Yes; we do.

Mrs. HANSEN. Have they been helpful?

Mr. JOHNSTON. Yes; we have had some considerable help from the Peace Corps in that area.

Mrs. HANSEN. This is one thing I would think they could be very effective in.

Mr. WYATT. Will the chairman yield?

Mrs. HANSEN. Yes.

AVAILABILITY OF CAPITAL

Mr. WYATT. Mr. Commissioner, we discussed this yesterday with the Samoan representatives here, but they have a real problem of interesting their Samoan native population in farming. They had a capital problem. They have had legislation pending which is being introduced

or already introduced. I think some of us intend to pursue it. Is this any problem as far as Micronesia is concerned?

Mr. JOHNSTON. To a certain extent it is.

USE OF ECONOMIC DEVELOPMENT LOAN FUND

If you take the number, not the total dollar volume but the number, of individual loans by the Economic Development Loan Fund, the biggest percentage of them are to small farmers who start a small truck garden or a chicken farm or a piggery or something of that nature. We could use more of that type of capital. That is why we are proposing an increase in the Economic Development Loan Fund. There is a separate bill to provide up to $5 million. A great deal of that would go to encourage small farming.

Mr. WYATT. How much—$2,000 or $3,000?

Mr. JOHNSTON. Anywhere from $2,000 or $3,000 up to maybe $10,000 or $15,000 to start a major chicken farm or hatchery.

Mrs. HANSEN. Do you feel if you receive your increased authorization of $5 million for the Economic Development Loan Fund that this will meet your requirements to maximumize the number of people in farming in Micronesia?

Mr. JOHNSTON. We feel that at the level of $5 million we could do a great deal with it; yes.

Mr. WYATT. You have to obtain authorization and also you need the money appropriated in order to adequately meet this agricultural problem.

Mr. JOHNSTON. Right.

Mr. WYATT. You don't think there is any additional fund indicated?

Mr. JOHNSTON. No; we don't. That has been discussed. But our feeling has been that now that we have simplified the applications and the mechanics of the Development Loan Fund, we do not need a separate fund for agriculture.

CONTROL OF RHINOCEROS BEETLE

Mrs. HANSEN. You have in Palau the coconut and rhinoceros beetles that are a constant threat in the territorywide copra industry. How do you contain them?

Mr. JOHNSTON. There has been a very interesting experiment. Mr. Robert Owens, our chief entomologist, has been highly commended for it.

The larvae of some other insect is frozen and then ground and sprinkled around where the beetles are and the beetles die from it. It's a new method of keeping them under control that apparently we are pioneering in. So far it has been very successful in eliminating the threat of the rhinoceros beetle.

UNEMPLOYMENT RATE

Mrs. HANSEN. Your unemployment rates vary from 4 percent in the Marianas to about 35 to 45 percent in the Marshalls, Ponape, Truk, and Yap. What are you doing to bring about a reduction in that unemployment in those districts?

Mr. JOHNSTON. For one thing, unemployment is rather difficult to define. It's very difficult to explain when you are shown an unemployment figure in the district. A major contractor still has to bring in workers from some other community after advertising for several weeks and trying to get enough people to help.

The fact is that you may be including in your unemployment statistics those who are very happy as subsistence farmers and don't ever want to be employed. But one thing we are doing is to develop this local contracting capability. Another thing, of course, is our greatly increased emphasis on vocational or occupational training as opposed to purely academic training.

INCREASE REQUESTED FOR ECONOMIC DEVELOPMENT LOAN FUND

Mrs. HANSEN. Justify your requested increase of $600,000 for Economic Development Loan Fund.

Mr. JOHNSTON. This was because the Congress of Micronesia felt very strongly that we should show our sincere interest in this fund by putting at least some substantial amount into it out of the regular apppropriation until the other bill is passed. This would not be a continuing appropriation from year to year, if we could get the $5 million authorization that Congressman Wyatt was discussing a short while ago.

INCREASE REQUESTED FOR MARINE RESOURCES

Mrs. HANSEN. You are requesting an increase of $63,000 for marine resources.

What have you done and what are you doing about the presence of mercury in your skipjack tuna and your yellowfin tuna?

Mr. JOHNSTON. At a recent conference in Honolulu for two days—I don't know whether Governor Hayden may have commented on this, but this question was asked directly of the major tuna producers in the United States and they were all unanimous that this is not a major factor in the future of the tuna fishing industry in the world and that it would not cause us any trouble at all in the expansion of our fisheries.

USE OF INCREASED FUNDS FOR MARINE RESOURCES

Mrs. HANSEN. What have you done to upgrade your marine program and what do you plan to do in the next year?

Mr. JOHNSTON. The increase would provide one new U.S. position and three new Micronesian positions.

Mrs. HANSEN. What is that position?

Mr. JOHNSTON. A fisheries specialist for establishing an in-shore fishery or what they call aqua-culture program, in one of our districts.

CROWN OF THORNS STARFISH CONTROL

Mrs. HANSEN. Have you controlled your "crown of thorns" starfish?

Mr. JOHNSTON. Yes, ma'am, we have made great strides by using relatively simple methods to keep them under control.

Mrs. HANSEN. Scuba diving?

Mr. JOHNSTON. Yes, and killing them individually and hauling them in.

Mrs. HANSEN. Do you pay a bounty on them?

Mr. JOHNSTON. Yes, ma'am.

In some districts the divers are paid by the hour and in others they are paid by piece work, or production.

CUSTOMS STATUS FOR FISH PROCESSING

Mr. WYATT. At this point, Mr. Commissioner, I know there has been legislation suggested and I think maybe even offered which would give the Trust Territories equal status with Samoa in regard to the customs laws for the fisheries.

Until that is enacted, your hands are tied to a substantial extent, are they not, in the development of commercial fisheries in the Trust Territories?

Mr. JOHNSTON. We catch fish in Palau and send it to American Samoa to be processed. If it is processed there, it goes into the United States duty free. If it is processed in Micronesia, there is a duty on it.

COMPARISON OF TRUST TERRITORY AND AMERICAN SAMOA

Mr. WYATT. So you are not in the same customs status as American Samoa, which is a very definite penalty and it affects one of the principal economic developments in the Trust Territories.

Mr. JOHNSTON. That is correct and it is more a deterrent in that field probably than any other.

ADMINISTRATION POSITION

Mr. WYATT. Do you know if the administration has taken a position on that?

Mr. LOESCH. And we pushed like mad in the last Congress for the bill and we were unable to get it moved at all. Any help we can get would be appreciated.

INTRODUCTION OF LEGISLATION

Mr. WYATT. I believe I introduced a bill in the House in the past but I shall introduce a bill again because I think certainly commercial fishing out in the Trust Territories is one of your real potentials for economic development and it makes no sense at all that American Samoa should have special status while the Trust Territories which are really less developed and more neglected than American Samoa has not the same status.

Mr. LOESCH. For the last 2 years since I have had personal knowledge of it, the Department and the administration have taken a strong stand in favor of the—there are two or three bills of a similar nature. One is an access bill, one is the tariff bill, and the development loan fund. We haven't been able to move any of those bills. I think perhaps the last Congress was pretty jammed by the time they got around to thinking about that.

Mr. WYATT. On December 31.

Mr. LOESCH. I was lobbying up here quite a lot.

SUMMARY OF CURRENT STATUS

Mr. WYATT. Madam Chairman, to be sure the record is complete on this subject—because I think it is very important to the economic development of the Trust Territories—Mr. Commissioner, as I understand, they give Samoa a preferred status and penalize the Trust Territories.

The present customs status is that under the present law foreign flag vessels which are the principal vessels fishing in the Pacific, cannot land the catch in the Trust Territories and have the catch processed. That is, canned, in the trust territories, without having to pay a duty on that canned product when it is exported to the United States.

Mr. JOHNSTON. That is correct.

Mr. WYATT. In Samoa they can land it and, in fact, it has been a situation for many, many years where it is canned in Samoa and exported to the United States with no customs.

Mr. JOHNSTON. That is correct, and one of the most controversial problems we have right now, Congressman, is that this leads to what we call mother ship operations where they come in with a huge reefer ship, the fishermen that catch the fish, feed them to the mother ship and the mother ship goes back to Japan and discharges its cargo and we don't get anything out of it.

Mrs. HANSEN. Mr. Wyatt and I are very familiar with this type of operation with the Russian trawlers off the west coast.

Mr. JOHNSTON. And we have the same problem. We are trying to avoid licensing mother ships but some of them, of course, can operate in international waters without even licensing.

NEED FOR CONFERENCE OF PACIFIC FISHING NATIONS

Mrs. HANSEN. You are never going to solve your fisheries problems in the Pacific rim until you have a conference of all the nations that fish in the Pacific.

Mr. LOESCH. I agree, Madam Chairman. I am no expert in the merchant fisheries field, as I know you are, but it appears perfectly clear to me that as the years go on and the world population grows the fisheries are going to become more and more important to the world as a whole. Of course, Micronesia has the potential of being a greater fisheries center.

PALAU FISHERY OPERATION

Mr. WYATT. One more question, if I may.

Your Palau fishery operation is just a freezing plant where fish are landed in transit on the way to Samoa to be processed.

Mr. JOHNSTON. It is purely a reefer operation, a storage plant; no processing at all.

Mr. WYATT. There could be processing if you were able to amend this ancient statute that is so discriminatory to the Trust Territories.

INCIDENCE OF CRIME

Mrs. HANSEN. What is meant in your justifications by "incidence of crime"?

Mr. JOHNSTON. Incidence of crime and the first awareness, you might say, of the fact that we may need a mobile force of some kind if there are major problems. In one district we had a hotly disputed election that could have flared up into real trouble and this caused us to give some real thought to a contingency plan of moving people from one district to another to help put down a major problem. We are about at the point where we can turn our whole public safety division over to the Micronesians to lead the division.

Mrs. HANSEN. Wouldn't that be more satisfactory?

Mr. JOHNSTON. Yes.

INCREASE REQUESTED FOR PUBLIC SAFETY

Mrs. HANSEN. Justify your requested increase of $42,000 for public safety.

Mr. JOHNSTON. It is mostly for a Micronesian salary increase and for increases in ongoing positions.

Mr. OBEY. Madam Chairman, may I ask a question at this point?

Mrs. HANSEN. Yes.

NON-ELIGIBILITY FOR LEAA FUNDS

Mr. OBEY. Are you eligible for LEAA funds?

Mr. LOESCH. The answer to that is, "No." We tried to get the Trust Territories included in that bill but were unsuccessful; a giant program to the States and the territories.

INCREASE REQUESTED FOR LOCAL JUDICIARY

Mrs. HANSEN. You are requesting an increase of $30,000 for the local judiciary. What is the structure of your judicial system.

Mr. JOHNSTON. The judicial system in Micronesia consists of a high court, which is staffed by a chief justice and two associate justices.

APPOINTMENT OF HIGH COURT JUSTICES

Mrs. HANSEN. Who appoints the chief justice?

Mr. JOHNSTON. The Secretary of the Interior.

Mrs. HANSEN. How many other judges do you have?

Mr. JOHNSTON. Two associate justices.

Mrs. HANSEN. Are these also appointed by the Secretary of the Interior?

Mr. JOHNSTON. Yes, ma'am.

Mrs. HANSEN. How are they selected?

Mr. JOHNSTON. Those are selected by the Secretary of the Interior.

Mrs. HANSEN. Does he have any particular guidelines? Are they legal people?

Mr. JOHNSTON. Oh, yes, very definitely.

Mrs. HANSEN. Do they usually have the recommendation of a bar association?

Mr. JOHNSTON. That is right. We have three highly qualified U.S. attorneys now and I might add also for the record, Madam Chairman, that there are five other Americans on the high court staff—an administrative officer, three court reporter-secretaries, and a legal stenographer. The entire local court system are Micronesians. All of the district judges, local judges, are Micronesians, and they do not have legal training.

TRAINING OF LOCAL COURT JUDGES

Mrs. HANSEN. Do they receive training?

Mr. JOHNSTON. Yes, ma'am. One of the major duties of our high court is the training of the lower courts, and to assist in this our chief justice has recently requested the full-time services of a young Peace Corps attorney who is particularly talented at training people and has had particularly good results. We would like to keep him there permanently, at least for a few more years, and assign him full-time to the chief justice to administer the training program.

NUMBER OF DISTRICT AND COMMUNITY COURTS

Mrs. HANSEN. Please insert in the record the number of district courts you have in your village.

Mr. JOHNSTON. Yes, we will.

(The information follows:)

There are six district courts (one in each district), and 111 community courts scattered through all the districts, with the number varying from three in the Marianas to 40 in Truk.

INCREASE REQUESTED FOR ADDITIONAL STAFF FOR DISTRICT ADMINISTRATORS

Mrs. HANSEN. You are requesting $71,200 to provide staffing in various district administrators' offices. Is this part of your program to upgrade your district offices?

Mr. JOHNSTON. Yes, ma'am.

Mrs. HANSEN. What will these people do?

Mr. JOHNSTON. And this includes an additional position in each one of the district centers and in some cases in the subdistrict centers. One of the reasons for this increase is the establishment of certain new subdistrict centers where there will be a district administrator's representative and a small staff, away from the district centers.

INCREASE REQUESTED FOR AUTOMATIC DATA PROCESSING

Mrs. HANSEN. Justify your request of $34,600 to strengthen the staffing of your ADP.

Mr. JOHNSTON. We are adopting a financial management system, which is long overdue.

Mrs. HANSEN. So the House Appropriations Committee investigators discovered.

Mr. JOHNSTON. Your investigators made some excellent and helpful suggestions. One thing that they pointed out and the Office of Survey and Review points out, and our contractor, Peat, Marwick, and Mitchell, points out, we just have to have more professional staffing in the division.

INCREASE REQUESTED FOR SEA TRANSPORTATION

Mrs. HANSEN. You are requesting an increase of $320,000 to permit safe and scheduled operations of interisland ships. How many ships will this provide and what is the age of the ships?

Mr. JOHNSTON. This is to provide an increase in cost of drydocking and operating the ships. This is not in the capital item.

DRYDOCKING AND MAINTENANCE

Mrs. HANSEN. This may extend the life of some of your older ships? Is that correct?

Mr. JOHNSTON. That is correct; we can keep them going a little longer and I might say, Madam Chairman, there is a fascinating possibility that we may save money on this item because we have, for the first time a few months ago, done the above-waterline maintenance on a ship right at our own shipyard in Palau at a saving of many, many dollars of what it would cost us to send it to Taiwan or Japan or some other nearby place.

AGE OF SHIPS

Mrs. HANSEN. Aren't some of your ships very old?

Mr. JOHNSTON. All of them are very old.

Mrs. HANSEN. Have you made an attempt to get new ships from surplus property?

Mr. JOHNSTON. We are working with the Navy and have recently acquired a couple of vessels that are in better shape than our existing field trip vessels. We just fixed them up and I don't believe they are actually in operation yet.

FLEET OPERATING STATISTICS

Mrs. HANSEN. Please insert in the record the number of trips your boats make per year, the number of passengers, and the tonnage hauled.

Mr. JOHNSTON. And you want that, I presume, district by district?

Mrs. HANSEN. Yes.

(The information follows:)

Cargo and passengers carried by field trip vessels, as of June 30, 1970

Itinerary	Revenue tons	Passengers	
		Cabin	Deck
Mariana Islands Field Trips	5,876	47	233
Marshall Islands Field Trips	14,454	980	3,800
Palau Field Trips	204	40	368
Ponape Field Trips	1,352	405	2,189
Truk Field Trips	1,972	860	2,240
Yap Field Trips.....	1,160	66	134
Total	25,018	2,398	8,964

NOTE: It is estimated that field trip vessels reach every part of the districts every 30 days.

INCREASE REQUESTED FOR COMMUNICATIONS

Mrs. HANSEN. Justify your requested increase of $91,900 for the operation of a modernized communications system?

Mr. JOHNSTON. This is for telephone communications system.

NEW TELEPHONE COMMUNICATIONS

Part of that item, Madam Chairman, is for providing better radio backup in our remote outer islands. I would, if I may, like to enter into the record a press release of a few days ago about our new communications system.

Mrs. HANSEN. Please do.

(The document follows:)

DEPARTMENT of the INTERIOR

news release

OFFICE OF TERRITORIES Hackett 343-4736

For Release March 11, 1971

NEW TELEPHONE LINK HELPS ADMINISTRATION OF TRUST TERRITORY

Secretary of the Interior Rogers C. B. Morton today announced the opening of radiotelephone communication between Trust Territory headquarters on Saipan in the Mariana Islands and Majuro in the Marshalls, the third link in the major communications modernization program now under way in the Trust Territory.

The first link in the new system was completed on September 22, 1970, when High Commissioner Edward E. Johnston placed the first call from government headquarters in Saipan to the District Administrator in the Truk District in the Eastern Caroline Islands, a distance of approximately 760 miles. In November, the second link opened with a call to the Ponape District Center, with even faraway Kapingamarangi Atoll in that district, one of the remotest in the Trust Territory, receiving a Christmas greeting from the High Commissioner on Christmas Eve of 1970.

The Trust Territory of the Pacific Islands is administered by the United States under a trusteeship arrangement with the United Nations Security Council. The Trust Territory is divided into six administrative districts, whose inhabitants speak nine major languages with various regional dialects.

The islands of the Territory, spread over 3 million square miles of ocean area, were until recently relatively isolated by the lack of voice communications facilities. In 1969 the U. S. Government undertook the establishment of an extensive modern communications system designed to link the Trust Territory with Guam and other parts of the world and to meet the internal needs of the Trust Territory administration, private and business sectors of the Micronesian community, and national weather reporting, navigation, and emergency requirements.

In announcing the opening of the new Majuro circuit, Secretary Morton noted that the Micronesian people increasingly were being enabled to make their needs known to the government and to consult together between districts on matters of mutual need and concern. The new system will also facilitate the decentralization of government services to the district centers, he said.

The Yap District in the Western Caroline Islands will soon join the new network. The last to be added will be the Palau Islands, also in the Western Carolines and some 950 miles southwest of Trust Territory headquarters.

ADEQUACY OF WAREHOUSING FACILITIES

Mrs. HANSEN. How adequate are your warehousing facilities?

Mr. JOHNSTON. This is an area where we need improvement.

Mrs. HANSEN. What percent of the Trust Territory has adequate warehouse facilities?

Mr. SETIK. I would say 90 percent. Most of them are obsolete.

Mrs. HANSEN. Your shipping system can't be very effective unless you have adequate warehouses. If a ship is delayed from a storm it might lose its cargo if you don't provide warehousing facilities.

Mr. SETIK. Yes.

Mr. JOHNSTON. There is a problem in one district that was reported to us pictorially recently where the goods are stacked up in an inadequate warehouse and the customers go in and look for their own goods and throw the other fellows' goods aside and sometimes the last man to get there has some pretty beaten-up cargo. One thing we are trying to do, Madam Chairman, in our fiscal year 1971 funds, is to utilize $100,000 to get 27 surplus warehouses from the phase-out at Eniwetok Island and if we can get these and bring them up and put them in position in the various locations, it will help the situation a great deal at a very low cost.

Mrs. HANSEN. I think there should be an effort to provide warehousing facilities.

Mr. JOHNSTON. Some of it, Madam Chairman, is geared into construction of new docks. The Ponape dock will have a new warehouse system which will be better.

CONSTRUCTION OF NEW INTERISLAND SHIPS

Mrs. HANSEN. You contemplate a 5-year building program beginning in 1972, which will provide eight especially designed interisland ships which are capable of rapid transfer?

Mr. JOHNSTON. These will all be double-hatch rather than single-hatch vessels which will greatly speed up the loading and unloading at each one of their steps.

COMMUNICATIONS SYSTEM

Mrs. HANSEN. In your justifications you say:

> The system provides the Trust Territory with reliable, quality, independent sideband voice and data communications that interfaces with any governmental and commercial service worldwide. The Major Relay and Control Station on Saipan interconnects the territory with multiple channel voice and teletype circuits, via the Troposcatter Communications System into the Federal Aviation Administration facilities on Guam.

Do other systems that use your system reimburse you?

Mr. JOHNSTON. They do.

INCREASE REQUESTED FOR OPERATIONS AND MAINTENANCE

Mrs. HANSEN. Justify your requested increase of $34,700 for staffing to meet O&M requirements of new facilities.

Mr. JOHNSTON. This is a net increase of $34,700 because some U.S. positions are being phased out and are being substituted with Micronesian positions.

Mrs. HANSEN. Is this request to raise salaries?

Mr. JOHNSTON. That is right. We create actually 81 new positions.

CAPITAL IMPROVEMENT PROGRAM—ACCURACY OF BUDGET ESTIMATES

Mrs. HANSEN. How accurate are your estimated costs for your capital improvement program?

Mr. JOHNSTON. They are not as accurate, frankly, as I would like them to be. We are making some changes in our Public Works Department, including a new Director of Public Works, and one major goal will be to get them accurate and keep them accurate.

I have reviewed the history of those programs with probably as much dismay as you have and can assure this committee that is definitely one of our major goals.

I think they are certainly more accurate now than they have ever been before.

Mrs. HANSEN. I think part of your problem was too many engineers' mistakes and not enough performance.

Mr. JOHNSTON. We, for example, have had estimates made on an airfield before we know where we are going to put the airfield and this is at the best inaccurate.

STIMULATION OF LOCAL CONSTRUCTION

Mr. LOESCH. Madam Chairman, the public works program is intimately tied in with the drive of the administration and the High Commissioner, to step up the local contracting areas. I am very interested, and I know the High Commissioner is to, in increasing the local contracting capability so hopefully more and more of the local projects which in the past have been "handled" by the Public Works Department, they will be done by contracting at the local level. I am sure this will be more responsive to local priorities and we are going that road. I think the High Commissioner will agree this is one of our major objectives and I hope it accelerates this year.

Mrs. HANSEN. Please insert in the record the location of your utility systems and how many people they serve.

(The information follows:)

LOCATION OF UTILITY SYSTEMS AND POPULATION SERVED, 1972

POWER GENERATION AND POWER DISTRIBUTION

Power utility systems are located in each of the six district center areas as well as in smaller population centers including Ebeye, Kusaie, Rota, Tinian, Ulithi, and Angaur. It is estimated that 40,000 people will be served under this program.

WATER SYSTEMS

Major water utility systems are located in each of the district centers and are being expanded and upgraded in accordance with master plans for each area. It is estimated that 42,000 people will be served under this program.

SEWERAGE SYSTEMS

Major sewerage utility systems are now being constructed in each of the six district centers to upgrade the existing, inadequate and rudimentary, systems and provide sewage treatment plants for all centers. It is estimated that 25,000 people will be served under this program.

TELEPHONE SYSTEMS

New telephone systems will be in operation in all six district centers in 1972 and at that time will provide service for about 3,200 subscribers.

RADIO TRANSMITTER AT TRUK

Mrs. HANSEN. Justify your request of $79,000 for a transmitter in Truk.

Mr. JOHNSTON. That is a radio broadcasting station. That is our greatest means of dissemination of information to the people, is through radio. We reach about 97 percent of our total population and we are upgrading the wattage of our radio broadcasting facilities.

Mrs. HANSEN. Do you have radio communications on each of the islands?

Mr. JOHNSTON. Yes. Even in areas where people have never seen an electric light bulb, they have transistor radios and can receive the radio broadcasts.

EDUCATION FACILITIES

Mrs. HANSEN. You are requesting $3,600,000 for education facilities.

Please insert in the record the total number of classrooms this year's construction will provide, the total number of dormitories and bed space, the locations of the facilities, and how many more secondary students this will provide for.

(The information follows:)

EXPLANATION OF TABLES : ELEMENTARY SCHOOLS

1. PUBLIC AND NON -PUBLIC : Combined number of public and non-public students. 70 and 71 are actual counts. 72-77 are projected enrollments.

2. NON-PUBLIC : Number of non-public school students. 70 and 71 are actual counts. 72-77 are projected enrollments.

3. PUBLIC NEED : Number of public school students. 70 and 71 are actual counts. 72-77 are projected enrollments presuming 100% retention, i.e. that all students will remain in school. (First grade enrollments are based on demographic data from FY 70 U.F. Report.)

4. CLASSROOMS :

Need	:	Number of classrooms needed to handle students in Item 3 based on a student-teacher ratio of 25: 1 .
Available	:	Number of classrooms actually available including substandard classrooms.
(Substandard)	:	Number of substandard classrooms included in the figure immediately above.
Deficit	:	Number of new classrooms needed to replace substandard classrooms and/or to meet Need above.

5. CONSTRUCTION :

Additional	:	Total number of classrooms to be built.
(Replacement)	:	These figures indicate the number of classrooms (included under Additional) which are to replace substandard classrooms.

6. FUNDING : Total funding for CIP in each district.

7. LOCATION : Schools where CIP are scheduled. (This information is given on individual district tables only.)

ELEMENTARY SCHOOLS GRADES 1-8 - TT-WIDE

FISCAL YEAR	70	71	72	73	74	75	76	77
1. PUBLIC & NON-PUBLIC	28360	28906	28851	28349	27884	27402	26344	26089
2. NON-PUBLIC	3479	3520	3000	2860	2820	2820	2820	2820
3. PUBLIC NEED	24881	25386	25851	25489	25064	24582	23524	23269
4. CLASSROOMS Need (25/1) Available (Substandard) Deficit	994	1015	1034	1020 1095 (166)	1003 1169 (118)	984 1119 (101)	941 1147 (52)	931 1163 (52)
5. CONSTRUCTION Additional Replacement Total		136	95	22	79	43	28	25
6. FUNDING		1,400	1,100	330	1,375	778	930	576
7. LOCATION *								

* cf. individual districts

ELEMENTARY SCHOOLS GRADES 1-8 - MARIANAS

FISCAL YEAR	70	71	72	73	74	75	76	77
1. PUBLIC & NON-PUBLIC	3218	3437	3398	3290	3326	3355	3398	3566
2. NON-PUBLIC	0	202	200	200	200	200	200	200
3. PUBLIC NEED	3218	3235	3198	3090	3126	3155	3198	3366
4. CLASSROOMS								
Need 25/1	129	129	128	124	125	126	128	135
Available		119	119	119	125	126	128	133
(Substandard)		(21)	(21)	(15)	(15)	(11)	(9)	(9)
Deficit		31	30	20	15	11	0	11
5. CONSTRUCTION								
Additional		0	6	1	3	5	5	5
Replacement		6	0	4	2			
Total		6	6	5	5	5	5	5
6. FUNDING		60	66	75	75	75	75	80
7. LOCATION		Sn. Roque 6	Sn. Antonio 4 Agrihan 1 Pagan 1	Garapan 3 Tinian 1 Oleai 1	Carapan 2 Oleai 2 Sn.Vicente 1	Garapan 2 Oleai 3	Rota 1 Sn.Roque 2 Sn.Antonio 2	Oleai 2 Garapan 1 Tinian 1 Sn.Vicente 1

ELEMENTARY SCHOOLS GRADES 1-8 - MARSHALLS

FISCAL YEAR	70	71	72	73	74	75	76	77
1. PUBLIC & NON-PUBLIC	5690	5842	5799	5813	5879	5979	5968	5958
2. NON-PUBLIC	1016	864	680	680	680	680	680	680
3. PUBLIC NEED	4674	4978	5119	5133	5199	5299	5288	5278
4. CLASSROOMS								
Need 25/1	187	199	205	205	208	212	212	211
Available	211	211	211	211	211	211	213	223
(Substandard)	(70)	(70)	(38)	(8)	(8)	(8)	(0)	(0)
Deficit								
5. CONSTRUCTION								
Additional					2		10	
Replacement		31	30	0	8	0	0	0
Total	59	31	30	0	10	0	10	0
6. FUNDING		310	310	0	150	0	150	0
7. LOCATION		Ailuk 3 Ulien 2 Aur 2 Jubot 1 Ebeye 8 Ennibar 2 Lac 3 Lib 2 Likiep 3 Jebal 2 Aerok 3 Ajeltake 1 Long Is. 1 Pelap 8 Tokewa 2 Rongelap 3 Ujelang 5 Utrik 4 Wotho	Ailuk 1 Ulien 1 Aur 9 Jubot 7 Ebeye 1 Ennibar 8 Ebobn 2 Lac 3 Likiep 5 Jebal 5 Aerok 7 Ajeltake 2 Long Is. 3 Pelap 4 Tokewa 11 Rongelap 6 Ujae 10 Ujelang 7 Wotho 4 Utrik 9		Ebeye 6 Wotje 4		Wotje 6 Ebeye 4	

ELEMENTARY SCHOOLS GRADES 1-8 - PALAU

FISCAL YEAR	70	71	72	73	74	75	76	77
1. PUBLIC & NON-PUBLIC	3433	3493	3499	3408	3338	3211	2947	2819
2. NON-PUBLIC	541	565	520	520	520	520	520	520
3. PUBLIC NEED	2892	2928	2979	2888	2818	2691	2427	2299
4. CLASSROOMS								
Need 25/1	116	117	119	116	113	108	97	92
Available		142	142	142	142	142	142	142
(Substandard)		(51)	(51)	(33)	(23)	(18)	(18)	(18)
Deficit		26	26	7				
5. CONSTRUCTION								
Additional								
Replacement		18	10	5				
Total		18	10	5				
6. FUNDING		180	110	75	0	0	0	0
7. LOCATION		Ngaraard 8 Ngatpang 1 George Harris 4 Koror 4 Sonsorol 1	Ngersuul 1 George Harris 3 Meyungs 5 Ngchemingel 1	Koror 5				

ELEMENTARY SCHOOLS GRADES 1-8

FISCAL YEAR	70	71	72	73	74	75	76	77
1. PUBLIC & NON-PUBLIC	5861	5947	5908	5892	5810	5728	5559	5557
2. NON-PUBLIC	599	587	430	290	250	250	250	250
3. PUBLIC NEED	5262	5360	5478	5602	5560	5478	5309	5307
4. CLASSROOMS								
Need 25/1	210	214	219	224	222	219	212	212
Available		204	204	224	224	224	248	248
(Substandard)		(40)	(40)	(30)	(9)	(6)	(0)	
Deficit		50	55	30	9	6	0	0
5. CONSTRUCTION								
Additional		20						
Replacement		10						
Total		30	21	3	31	12	13	20
6. FUNDING		300	231	45	490	203	205	346
7. LOCATION		Net 3 Saladak 4 Awak 5 Enipein 2 Pehleng 2 Wone 2 Seinwar 1 Sekere 2 Malem 2 Mokil 1 Tafunsak 4 Nukuoro 2	Sokehs Pah 1 Sokehs Powe 5 Sekere 1 Pehleng 2 Wenik 2 Wone 3 Sapwalap 2 Kinakapu 1 Pingelap 2 Nan 1 Ngatik 1	Pehleng 1 Palikir 1 Seinwar 1	Salapwuk 1 Sapwalap 2 Tenwen Lukop 4 3 Seinwar 1 Pingelap 1 Tafunsak 1 Malem 7 Utwe 2 Lelu 2 Kapinga 1 Parem 1 Mand 1 Ohmine 4 Rest Room Facilities	Ohmine 2 Pehleng 2 Rohn-Kitti 1 Awak 1 Wone 2 Kapinga 2 Iohl 1 Lewetik 1	Utwe 1 Malem 1 Net 2 Tenwen 1 Saladak 1 Mand 1 Sekere 1 Iohl 2 Pehleng 2 Sokehs Pah 1 Rest Room Facilities	Wenik 1 Enipein 2 Seinwar 1 Wapar 3 Lewetik 1 Net 1 Lelu 3 Kinakapw 1 Kolonia 7

ELEMENTARY SCHOOLS GRADES 1-8 - TRUK

FISCAL YEAR	70	71	72	73	74	75	76	77
1. PUBLIC & NON-PUBLIC	8242	8294	8322	8040	7695	7341	6794	6594
2. NON-PUBLIC	1165	1098	970	970	970	970	970	970
3. PUBLIC NEED	7077	7196	7352	7070	6725	6371	5824	5624
4. CLASSROOMS								
Need 25/1	283*	288*	294*	283*	269*	255*	233*	225*
Available		265	265	288	294	303	303	304
(Substandard)		(92)	(92)	(80)	(58)	(58)	(25)	(25)
Deficit		115	121	75	33	10	0	0
5. CONSTRUCTION							0	0
Additional		23	4		0	1	0	0
Replacement		12	22	0	33	25	0	0
Total.		35	26	9	33	26		
6. FUNDING		350	286	135	500	400	0	0
7. LOCATION		Iras 4		Sapuk 3				
		Muan 5		Sapore 1				
		Neauo 2	Epinup 5	Uman 2				
		Uman 8	Lukunor 8	Losap 2				
		Kuchuu 3	Kuttu 6	Pulnwat 1				
		Patta 2	Nequo 2					
		Udot 3	Ta 5					
		Pis Losap 3						
		Satawan 2						
		Tamatan 2						
		Romanum 2						

*Truk is now renting 51 C.R from private sources which are to be replaced in 1974-1975 Funding.

ELEMENTARY SCHOOLS GRADES 1-8 - YAP

FISCAL YEAR	70	71	72	73	74	75	76	77
1. PUBLIC & NON-PUBLIC	1916	1893	1925	1905	1843	1788	1678	1595
2. NON-PUBLIC	196	204	200	200	200	200	200	200
3. PUBLIC NEED	1720	1689	1725	1705	1643	1588	1478	1395
4. CLASSROOMS								
Need 25/1	69	68	69	68	66	64	59	56
Available	98	98	98	111	113	113	113	113
(Substandard)	(3)	(3)	(0)	(0)	(0)	(0)	(0)	(0)
Deficit	0	0	0	0	0	0	0	0
5. CONSTRUCTION								
Additional		13	2					
Replacement		3	0					
Total		16	2					
6. FUNDING		160	22	0	160	100	500	150
7. LOCATION		Gaanelay 2 Lamotrek 4 Ifalik 4 Fais 2 Falalop 2 Falalɔp 2	Gilman 2		Site work sewage, water Land acquisition Utilities		construction at 2 sites for construction.	construction Same as 76

EXPLANATION OF TABLES: SECONDARY SCHOOLS

1. PUBLIC & NON-PUBLIC: Combined number of public and non-public school students. 70 and 71 are actual counts. 72-77 are projected enrollments. (See Projections)

2. NON-PUBLIC: Number of non-public school students. 70 and 71 are actual counts. 72-77 are estimated or projected enrollments.

3. PUBLIC NEED: Number of public school students. 71 is an actual count. 72-77 are projected enrollments.

RETENTION: 100% - numbers on this line are projected enrollments based on the number of students presently enrolled in secondary schools, and the number of students who will be entering high school from the eighth grade each year presuming that all students (100%) will remain in school.

80% - numbers on this line are projected enrollments presuming that 80% of the school age population will remain in school.

4. PUBLIC CAPACITY: Number of students which can be handled by public secondary schools through expanded facilities provided by funded or projected CIP.

5. NO ROOM FOR: Number of students which cannot be handled by expanded public school facilities presuming a 100% retention rate, i.e. PUBLIC NEED (RETENTION 100%) minus PUBLIC CAPACITY.

6. ENROLLMENTS: PUBLIC CAPACITY (line 4) by school. 71 is by actual student count. 72-77 are based on expanded facilities funded or projected for each school as shown in the lower part of this table, Line 8.

7. AVAILABLE TEACHING STATIONS: "Classrooms" available actually (71) or which will be available through funded or projected CIP. "Classrooms" are projected as available the second fiscal year after the funding year, with the exception of Kusaie and Yap H.S.

8. FUNDING: Total funding for the program in each district.

9. CONSTRUCTION: The facilities to be constructed at each secondary school are indicated. "CR" means classrooms; "TS" means teaching station i.e. Home Economic 3 T.S means facilities are planned so as to teach 3 groups of girls at the same time; "T and I" means a trades and/or industrial teaching station which usually refers to an area within a building.

After "Increase" the following are indicated: the number of teaching stations, the number of pupils taught in those teaching stations (at student - teacher ratio of 25/1), and the fiscal year available.

Added notes: It will be noted that in Line 4 (PUBLIC CAPACITY) and in Line 6 (ENROLLMENTS) all figures from FY 72 through FY 77 are multiples of 25. This is because these enrollment projections are based on a student per classroom ratio of 25 to 1. The figures in Line 4 are the sum totals of the figures in Line 6. The figures in Line 6 are derived, in turn, from Line 7 (AVAILABLE TEACHING STATIONS), e.g. in the Marianas the projected ENROLLMENT at Hopwood for FY 72 was obtained by multiplying 10 (Hopwood's AVAILABLE TEACHING STATIONS) by 25.

The number of AVAILABLE TEACHING STATIONS (Line 7) for FY 72 - FY 77 was derived from an inventory of present facilities plus those available through funded or projected CIP.

SECONDARY SCHOOLS TT WIDE

FISCAL YEAR	70	71	72	73	74	75	76	77
PUBLIC & NON-PUBLIC	5186	5726	7857	9804	11554	13066	14128	14780
NON-PUBLIC	1465	1564	1500	1500	1500	1500	1500	1500
PUBLIC NEED	4796	5316	6357	8304	10054	11566	12628	13280
PUB. CAPACITY	3721	4162	5200	6125	6950	7775	9150	9950
NO ROOM FOR	1075	1154	1157	2179	3104	3791	3478	3330
ENROLLMENTS								
Marianas		816	1150	1225	1225	1350	1350	1400
Marshalls		616	700	1050	1150	1300	1300	1375
Palau		645	700	850	900	900	1050	1125
Ponape		692	925	925	1125	1475	1900	2350
Truk		901	1100	1450	1850	2050	2650	2650
Yap		492	625	625	700	700	900	1050
AVAILABLE TEACHING STATIONS		181	200	243	260	309	364	396
FUNDING		2,000	2,400	2,500	2,500	2,600	1,400	2,000
CONSTRUCTION*								

* Cf. Individual districts.

MARSHALLS

SECONDARY SCHOOLS: GRADES 9 - 12

	FISCAL YEAR	70	71	72	73	74	75	76	77
1.	PUBLIC & NON-PUBLIC	1072	1215	1736	2041	2431	2645	2727	2817
2.	NON-PUBLIC	552	599	520	520	520	520	520	520
3.	PUBLIC NEED	RETENTION:100% 80%	616	1216 973	1521 1217	1911 1529	2125 1700	2207 1766	2297 1838
4.	PUBLIC CAPACITY		616	700	1050	1150	1300	1300	1375
5.	NO ROOM FOR			420	471	761	825	907	922
6.	ENROLLMENTS		MAJURO 616 JALUIT 0 WOTJE 0	700 (150) 0 0	700 350 (350) 0	700 450 (100) 0	850 (150) 450 0	850 450 0	925 (75) 450 0
7.	AVAILABLE TEACHING STATIONS	MAJURO JALUIT WOTJE	22 0 0	28 0 0	28 14 0	28 18 0	34 18 0	34 18 0	37 18 0
8.	FUNDING (in thousands)	500	500R 500S	600	500	400	700	500	400
9.	CONSTRUCTION	MIHS 327 4 Shops 4T.S. 2CR 2T.S. 92 Beds Increase 150 Students in FY-72 JALUIT 173	MIHS 135 JALUIT 865 10CR 4 T&I 180 Beds 1 Cafe Increase 350 Students in FY-73	MIHS 0 JALUIT 600 4CR 100 Beds Library Admin. Collateral Increase 100 Students in FY-74	MIHS 500 2 Science 3 Home Ec. 92 Beds Replace 2CR Add 1 CR Increase 6T.S. 150 Students in FY-75 JALUIT 0	MIHS 400 6CR 66 Beds Replace Abandon old Bldgs. in FY-76 JALUIT 0	MIHS 700 Replace old Cafeteria Replace old Admin. & Library Convert old Library, Admin. Dorm. Bldgs to 3CR Increase 75 Students in FY-77 JALUIT 0	MIHS 420 6CR 66 Beds Increase 150 Students in FY-78 Abandonment 1 Total capacity 1100/1200 Students in FY-78 JALUIT 0 WOTJE 80 Planning	MIHS 0 JALUIT 0 WOTJE 400 1st. Increment Wotje to reach 450/500 in FY-80

MARIANAS

SECONDARY SCHOOLS: GRADES 9 - 12

FISCAL YEAR	70	71	72	73	74	75	76	77
.1 PUBLIC & NON-PUBLIC	872	1019	1264	1562	1677	1704	1728	1640
.2 NON-PUBLIC	164	203	200	200	200	200	200	200
.3 PUBLIC NEED	RETENTION:100% 80%	816	1064 851	1362 1090	1477 1182	1504 1203	1528 1222	1440 1152
.4 PUBLIC CAPACITY		816	1150	1225	1225	1350	1350	1400
.5 NO ROOM FOR			(86)	137	252	154	178	40
.6 ENROLLMENTS		HOPWOOD 244 TINIAN 23 ROTA 28 M.H.S. 521	250 25 25 850 (225)	250 25 25 925 (75)	250 25 25 925 (0)	375 (125) 25 25 925 (0)	375 25 25 925 (0)	375 25 25 975 (50)
.7 AVAILABLE TEACHING STATIONS	29 Total 9th Grade H.S. Only	10 25 TINIAN 1 ROTA 1	Hopwood 10 M.H.S. 34 TINIAN 1 ROTA 1	Hopwood 10 M.H.S. 37 TINIAN 1 ROTA 1	Hopwood 10 M.H.S. 37 TINIAN 1 ROTA 1	Hopwood 15 M.H.S. 37 TINIAN 1 ROTA 1	Hopwood 15 M.H.S. 37 TINIAN 1 ROTA 1	15 39 1 1
.8 FUNDING (in thousands)	302	50R 65S	0	95	0	200	0	200
.9 CONSTRUCTION	M.H.S. 302 6 T&I T.S. 3 Home Ec. T.S. Increase 225 Students in FY-72 HOPWOOD 0	M.H.S. 115 Collateral 3 Science Increase 75 Students in FY-73 HOPWOOD 0	M.H.S. 0 HOPWOOD 0	M.H.S. 0 HOPWOOD 95 5CR Increase 5T.S. 125 Students in FY-75	M.H.S. 0 HOPWOOD 0	M.H.S. 200 Library Office Complex 2 story Net gain 2CR Increase 2T.S. 50 Students in FY-77 HOPWOOD 0	M.H.S. 0 HOPWOOD 0	M.H.S. 200 1 Bldg. for Business Education 5 T.S. Increase 125 Students in FY-79 HOPWOOD 0

PALAU — SECONDARY SCHOOLS: GRADES 9 - 12

	FISCAL YEAR	70	71	72	73	74	75	76	77
1.	PUBLIC & NON-PUBLIC	1063	1039	1241	1432	1545	1666	1824	1868
2.	NON-PUBLIC	411	394	410	410	410	410	410	410
3.	PUBLIC NEED	RETENTION: 100% 80%	645	831 671	1022 817	1135 908	1256 1005	1414 1131	1458 1166
4.	PUBLIC CAPACITY		645	700	850	900	900	1050	1125
5.	NO ROOM FOR			131	172	235	356	364	333
6.	ENROLLMENTS	PALAU H.S. BABELTHAUP	645 0	700 0	850 0	900	900	1050	1125
7.	AVAILABLE TEACHING STATIONS	PALAU H.S. BABELTHAUP	28 0	28 0	34 0	36 0	36 0	42 0	45 0
8.	FUNDING (in thousands)	196	186	0	200	280	350	450	500
9.	CONSTRUCTION	P.H.S. 196 6CR Additional by FY-73 4 Temporary rooms now available under other Funding to make old H.S. rooms for MOC. BABELTHAUP 0	P.H.S. 186 1 Dorm. 112 Beds Replacement by FY-73 BABELTHAUP 0	P.H.S. 0 No additions Agriculture Bldg. 2 T.S. from other funds available in FY-74 BABELTHAUP 0	P.H.S. 200 2nd. Dorm As now design 112 Students available FY-75 BABELTHAUP 0	P.H.S. 200 6CR (2A+4R) Available FY-76 BABELTHAUP $80,000 planning	P.H.S. 300 1 Bldg. 3CR and Library available FY-77 1 Bldg. I.A. 3 T.S. replacement BABELTHAUP $50,000 purchase Warehouse	P.H.S. 0 BABELTHAUP $450,000 Site work and buildings as planned.	P.H.S. 0 BABELTHAUP $500,000 Buildings as planned.

PONAPE

SECONDARY SCHOOLS: GRADES 9 - 12

	FISCAL YEAR	70	71	72	73	74	75	76	77
1.	PUBLIC & NON-PUBLIC	771	822	1318	1774	2214	2652	2821	3055
2.	NON-PUBLIC	115	130	150	150	150	150	150	150
3.	PUBLIC NEED	RETENTION:100% 80%	692	1168 934	1624 1299	2064 1651	2502 2002	2671 2136	2905 2324
4.	PUBLIC CAPACITY		692	925	925	1125	1475	1900	2350
5.	NO ROOM FOR			243	699	939	1027	771	555
6.	ENROLLMENTS	PICS 445 KUSAIE 210 PALIKIR	428 264 0	650 275 0	650 275 0	825 300 0	950 525 0	1250 650 0	1250 650 450
7.	AVAILABLE TEACHING	PICS KUSAIE PALIKIR	19 11 0	26 11	26 11	33 12	38 21	50 26	50 26 18
8.	FUNDING (in thousands)	300	350R 123S	800	703	670	617	265	728
9.	CONSTRUCTION	PICS 220 (Conversion) 2CR 1 Bldg. 5CR 1 Dorm. add 56 Beds 1 Dorm. Replacement Increase 7 T.S. 175 Students in FY-72 KUSAIE 80 Site work 1 Warehouse Increase - None	PICS 50 Collateral only No increase KUSAIE 423 10CR 1 Cafe 150 Beds Replacement 250 Students in FY-74	PICS 540 3 Home Ec. 4 T&I Areas Conversion office Library Expansion Increase 7 T.S. 175 Students in FY-74 KUSAIE 260 2CR Admin. Library Sanitary Increase (2) T.S. 50 Students	PICS 238 5CR Replace 56 Beds 1 APARTMENT Bldg. $120,000 Increase 125 Students in FY-75 KUSAIE 465 4CR 2 T&I 2 Home Ec. 1 Agriculture Increase 9T.S. in FY-75 1 Apartment $120,000	PICS 418 12CR Expand Cafe Increase 300-76 1 Apartment $131,000 KUSAIE 150 5CR 1 Laundry Increase 5T.S. 125 in FY-76 PALIKIR 102 Planning Warehouse Site	PICS 0 KUSAIE 0 PALIKIR 617 18CR 1 Cafe 1 Admin. Increase 370 in FY-77 1 House $25,000	PICS 0 KUSAIE 0 PALIKIR 265 3 Home Ec. 1 Agric. Complex 1 Library Increase 5T.S. 125 Students in FY-78 To Total of 495 in FY-78 No Housing	PICS 10,000 KHS 10,000 Athletics PALIKIR 377 18CR Increase 45 in FY-79 Total 945 Housing 531 2 Apartment 2 Houses

SECONDARY SCHOOLS: GRADES 9 - 12

FISCAL YEAR	70	71	72	73	74	75	76	77
FUNDING (in thousands)	500	400R 150S	900	690	900	500	0	0
CONSTRUCTION	T.H.S. 200 7CR (6CR&Off) 1 Dorm. 48 Beds Increase 3T.S. 75 Students in FY-72 FAICHUK ~~260~~ 240 5CR 1 T&I Shop 1 Kitchen 1 Dorm 60 Beds Water Storage Toilers Replace 6T.S. 150 Students capacity in FY-73 S.NAMONEAS 0 (Dublon) SATAWAN 30 Fresh Water Storage Salt Water Sanitary System Hand Tools Increase 0 WEIPAT 30 Fresh Water Storage Salt Water Sanitary System Hand Tools Increase 0	T.H.S. 70 Conversion of old Classroom Bldg. to Dorm Continue FY- 70 Construc- tion. FAICHUK 330 7CR 1 T&I Shop 1 Dorm 60 Beds Increase 8T.S 200 Students in FY-73 S. NAMONEAS 0 (Dublon) SATAWAN 75 T&I Shops Increase 2T.S. 50 Students in FY-73 WEIPAT . 75 T&I Shops Increase 2T.S. 50 Students in FY-73	T.H.S. 460 12CR (6A&6R) T&I Renova- tion 1A T.S. Cafe Renova- tion Dorm 48 Beds Increase 7T.S. 175 Students in FY-74 FAICHUK 0 S.NAMONEAS - 440 8CR 1 T&I Shop 1 Cafe 2 Dorms Toilets Water - System Sanitary - System Increase 9T.S. in FY-74 SATAWAN 0 WEIPAT 0	T.H.S. 220 9CR (3A&6R) Toilets Increase 3T.S. 75 Students in FY-75 FAICHUK 0 S. NAMONEAS - 130 4CR 1 T&I Shop Increase 5T.S. 125 Students in FY-75 MORTLOCKS 170 2 Dorms 120 Beds WEIPAT 170 2 Dorms 120 Beds	T.H.S. 240 12CR all additional Increase 12T.S. 300 Students in FY-76 FAICHUK 0 S. NAMONEAS 0 MORTLOCKS 120 6CR Increase 150 Students in FY-76 WEIPAT 120 6 CR Increase 150 Students in FY-76 Community College - 520 Phase I	T.H.S. 0 FAICHUK 0 S. NAMONEAS 0 MORTLOCKS 0 WEIPAT 0 Community College - 500 Phase II	T.H.S. 0 FAICHUK 0 S. NAMONEAS 0 MORTLOCKS 0 WEIPAT 0 The 1,020 is suppose to provide for dorms, cafe, classrooms, etc. on Dublon near the S. Namoneas High School.	T.H.S. 0 FAICHUK- 0 S. NAMO- NEAS 0 MORTLOCKS ~~MORTLOCK~~ 0 WEIPAT 0

TRUK

SECONDARY SCHOOLS: GRADES 9 - 12

	FISCAL YEAR	70	71	72	73	74	75	76	77
4.	PUBLIC & NON-PUBLIC	926	1139	1721	2356	2993	3570	4085	4369
12.	NON-PUBLIC	223	238	220	220	220	220	220	220
13.	PUBLIC NEED	RETENTION:100%	901	1501	2136	2773	3350	3865	4149
		80%		1201	1709	2218	2680	3092	3319
14.	PUBLIC CAPACITY		901	1100	1450	1850	2050	2650	2650
15.	NO ROOM FOR			401	686	923	~~1470~~ 1300	1215	1499
16.	ENROLLMENTS	T.H.S.	551	650 (75)	650	825 (175)	900 (75)	1200 (300)	1200
		FAICHUK	115	100	350 (250)	350	350	350	350
		S. NAMONEAS	0	0	0	225 (225)	350 (125)	350	350
		SATAWAN	168	175	225 (50)	225	225	375 (150)	375
		WEIPAT, ULUL	67	175	225 (50)	225	225	375 (150)	375
17.	AVAILABLE TEACHING STATIONS	T.H.S.	23	26	26	33	36	48	4
		FAICHUK	4	4	14	14	14	14	14
		S. NAMONEAS	0	0	0	9	14	14	14
		SATAWAN	7	7	9	9	9	15	15
		WEIPAT, ULUL	7	7	9	9	9	15	15

YAP

SECONDARY SCHOOLS: GRADES 9 - 12

	FISCAL YEAR	70	71	72	73	74	75	76	77
1.	PUBLIC & NON-PUBLIC	482	492	566	633	728	829	943	1031
2.	NON-PUBLIC	0	0	0	0	0	0	0	0
3.	PUBLIC NEED	RETENTION:100%	492	566	633	728	829	943	1031
4.	PUBLIC CAPACITY		492	625	625	700	700	900	1050
5.	NO ROOM FOR			(59)	8	28	129	43	81
6.	ENROLLMENTS	YAP H.S. O.I.H.S. (Ulithi)		375 250	375 250	450 250	450 250	500 (50) 400 (150)	550 (50) 500 (100)
7.	AVAILABLE TEACHING STATIONS	YAP H.S. 15 O.I.H.S. (Ulithi) 10		15 10	15 (14R) 10 + 1CR at old site = 15 T.S.	18 (4) 10 All at new site	18 10	20 (2) 16	22 (2) 20 (4)
8.	FUNDING (in thousands)	407	200R 200S	100	350	235	300	170	150
9.	CONSTRUCTION	Y.H.S. 407 10CR 1 T&I 4 T.S. Cafetorium Toilet Bldg. Replacement 14 T.S. available in FY-73 O.I.H.S. 0	Y.H.S. 200 Complete FY-70 Program Pump House Sewage Treatment O.I.H.S.200 Cafeteria 1 Dorm 56 Beds Increase 0.T.S. no Students in FY-73	Y.H.S. 100 4CR Toilet Bldg. Increase 4 T.S. 100 Students in FY-74 O.I.H.S. 0	Y.H.S. 100 Library/Admin. Increase 0 T.S. No Students in FY-76 O.I.H.S.250 Dorms 225 Beds Increase 0 T.S. No Students in FY-75	Y.H.S. 100 Agric. Bldg. 2 T.S. Increase 2 T.S. 50 Students in FY-76 O.I.H.S.135 6 Special Purpose Room Increase 6 T.S. 150 Students in FY-76	Y.H.S. 100 Gymnasium Increase 2 T.S. 50 Students in FY-77 O.I.H.S. 200 1 T&I Bldg. 4 T.S. Increase 4 T.S. 100 Students in FY-77	Y.H.S. 100 Development of Playing field. O.I.H.S. 70 Admin. Bldg. Increase 0 T.S. No Students in FY-78	Y.H.S. 100 Completion of Playing field O.I.H.S. 50 Replace 6CR in FY-79

DISPENSARIES

Mrs. HANSEN. You are requesting $100,000 for dispensaries. You have presently 147 dispensaries and you plan to build 10.

Mr. JOHNSTON. Yes, ma'am.

Mrs. HANSEN. How many more need replacement and have you chosen those of the highest priority?

Mr. JOHNSTON. Yes, we have chosen those of the highest priority.

Mrs. HANSEN. Is this done in consultation with the Micronesian people?

Mr. JOHNSTON. That is correct.

LOCATION OF DISPENSARIES AND NUMBER REQUIRING REPLACEMENT

Mrs. HANSEN. Where will these be located?

Mr. JOHNSTON. We will include that in the record.

Mrs. HANSEN. Please insert in the record for the next 5 years the number of dispensaries that must be built and placed in operation to eliminate the inadequate facilities.

Mr. JOHNSTON. Yes.

(The information follows:)

TRUST TERRITORY

DISPENSARY CONSTRUCTION PROGRAM BY DISTRICTS

District	Fiscal year—	
	1972	1973–77
Marianas	0	0
Palau	0	8
Yap	1	4
Truk	6	17
Ponape	0	4
Marshalls	3	26
Total	10	59

Above distribution subject to some shifts to meet population and other changes in needs. Program is primarily for replacement of grossly inadequate facilities, but also provides for new dispensaries where needed.

Dispensaries are staffed with one (1) health aide or nurse. The above program will furnish a net gain in dispensaries of about 17, with a corresponding additional staffing requirement of 17.

Mr. JOHNSTON. The creation of a medical supplies revolving fund has been very helpful in this area.

TRANSPORTATION AND COMMUNICATIONS FACILITIES

Mrs. HANSEN. You are requesting $7,037,000 for transportation and communications facilities.

ROAD MILEAGE AND CONDITION

What is the total road mileage in the Trust Territory?

Mr. JOHNSTON. We have about 365 miles at the present time.

Mrs. HANSEN. What kind of roads are they?

Mr. JOHNSTON. Mostly very poor. They range from "poor" to "atrocious" you might say.

In this area, Madam Chairman, somewhere in the past few months we have taken the most careful look at our estimates. We now have a very capable young structural engineer who has been assigned to work almost exclusively on the road program.

Mrs. HANSEN. Road construction costs shouldn't be very high in the Trust Territory?

Mr. JOHNSTON. This is what people said, that we could construct a road for, say, $20,000 a mile, but we found even using local contractors we can't do that, and it varies widely. If you have to build a bridge and if you have to do a great deal of fill, which we do in some of our areas, then it can run—I discussed on Ponape, just a few days ago, a 2-mile span of road which will cost roughly $92,000. They hasten to add that this doesn't mean that every mile would cost exactly the same.

Mrs. HANSEN. I understand.

ROAD CONSTRUCTION REQUIREMENTS

Have you studied the road construction requirements so that you have knowledge of how many miles you have to construct, how many bridges you have to construct, and have you assigned priorities in each of the districts?

Mr. JOHNSTON. We have, and that program is currently being reviewed. We have prepared new forms, have sent them out to each of the districts. Four of them have come in. We still have two more to go and within the next, I would say 60 days at the most, we will have a revised survey of our needs.

ROAD MILEAGE AND COST ESTIMATES

Mrs. HANSEN. What is your estimated cost for the necessary road construction?

Mr. JOHNSTON. Mr. Oyler advises me the four districts in so far indicate a total cost of $32 million.

Mrs. HANSEN. How many miles will this construct?

Mr. OYLER. As I recall, Madam Chairman, it was about 235 miles.

Mrs. HANSEN. Over what period of time do you propose to construct these roads?

Mr. JOHNSTON. This is what we have to evaluate.

INVENTORY OF ROAD REQUIREMENTS

Mrs. HANSEN. What have you been doing for the last 8 years with the funds appropriated for road construction if you didn't have an inventory of the needs which is elementary to the construction of roads?

Mr. JOHNSTON. There is some semblance of it, Madam Chairman. It is just that we weren't at all satisfied with it. There has been some improvement in the roads, but it is probably an area that is the least improved of any in the Trust Territories.

Even in our major district centers there are roads that are just unbelievable.

Mrs. HANSEN. That is what I have heard.

CIVIC ACTION TEAMS ROAD CONSTRUCTION PROGRAM

Are the Seabees, under the civic action program, doing any road construction or training people how to construct roads? I would think this would be one of their major functions.

Mr. JOHNSTON. I added it up yesterday, Madam Chairman. They have been involved in a total of 192 miles of road and it breaks down as follows: What they call road pioneering, which is just smack through the jungle, is 25 miles.

Actual construction, 40 miles.

Road maintenance, which they have taken over, 57 miles.

Road improvement, 70 miles for a total, either improvement, maintenance or construction, of 192 miles.

Mrs. HANSEN. In what period of time did they do this construction?

Mr. JOHNSTON. It is from June of 1969 to the end of last month.

USE OF MICRONESIAN EMPLOYEES

Mrs. HANSEN. How much Micronesian labor and supervisors did they use?

Mr. JOHNSTON. They have presently in formal training, as they call it—they are really in almost full-time training—50 trainees. They have graduated and put into the private sector 52 trainees and they have presently involved 2,500 Micronesian volunteers in various stages of construction.

Mrs. HANSEN. This is one area where you don't need a college degree. You have to learn road construction by doing, and with the competent advice of good engineering supervisory personnel. This offers a greater opportunity for employment, for those who are not skilled than any other area.

If you have adequate planning, you will have a continuing operation so that many miles of roads are under construction all the time. Is this not correct?

Mr. JOHNSTON. Our district administrators feel, Madam Chairman, that possibly the training phase of the civic action team operation has been even more important to them than the construction phase, and one of the subdistricts told me just a few days ago that they have received some really well-trained carpenters who are now working in the community as a result of the Seabee training.

ROAD CONSTRUCTION PROGRAM FOR 1972

Mrs. HANSEN. You are requesting $1,100,000 for roads. What will this accomplish?

Please insert the information in the record.

(The information follows:)

With the $1,100,000 requested for roads in FY 1972, as much as possible of the following road construction and improvement program will be accomplished:

Saipan, Mariana Islands District	$ 50,000
First increment of paving for the Kagman Road.	
Babelthuap Island, Palau District	250,000
Continuation of the West Coast Road System north from Ngaremlengui to Ngarrard.	
Yap Island, Yap District	250,000
Surfacing of the Gagil-Tomil Road System	
Moen Island, Truk	175,000
Continuation of the improvements of the Moen Circumferential Road east from Sotuh Field.	
Kusaie Island, Ponape District	125,000
First increment of the new Tafensak Road.	
Ponape Island, Ponape District	250,000
Continuation of the Ponape Circumferential Road.	

MAJURO AIRFIELD

Mrs. HANSEN. Justify your request of $1,772,000 for the airfield in Majuro.

Mr. JOHNSTON. This will be the final year of funding in the Majuro airfield project and this is not only a runway, but a water catchment surface integrated with a new water system.

Mrs. HANSEN. How many planes use the Majuro airfield per week and what is their schedule?

Mr. JOHNSTON. They call in almost every district three times a week and in the remaining districts twice a week on regular schedules.

Mrs. HANSEN. Who else uses the airfield?

Mr. JOHNSTON. We have two private airline companies recently licensed in the Marshalls who will be flying seaplanes. They both had problems getting mechanics and so on, but I think they will be in operation shortly.

LANDING FEES AT AIRFIELDS

Mrs. HANSEN. Do they pay anything for the use of the airfields?

Mr. JOHNSON. Not yet, but this is one thing we are working on, especially with the advent of Japan Airlines some day flying direct from Tokyo to Saipan. They now have the authority. Since December 31st of last year it has been effective, and we do have to review our landing fees and airport use rights and so on because Air Micronesia operates on a five-year franchise agreement. They don't pay landing fees, but we have to establish a series of landing fees for small airlines and for other carriers coming into the Trust Territories.

AIRFIELDS AT PALAU, YAP AND SAIPAN

Mrs. HANSEN. You are requesting $600,000 each for the airfields at Yap and Palau, and $400,000 for Saipan. Will this be adequate so that these airfields can handle jets?

Mr. JOHNSTON. They will start on it in Yap and Palau. That is not the total amount of the funding. The $400,000 on Saipan is the first phase of rehabilitating Isley Field, which has two 8,700-foot runways with an excellent, firm base, but there will be additional funding in the next several years.

USE OF ISLEY FIELD

Mrs. HANSEN. Why was Isley Field allowed to deteriorate?

Mr. JOHNSTON. I can't answer that.

Mrs. HANSEN. Isn't that a World War II airfield?

Mr. JOHNSTON. Yes, ma'am; and the minute a planning expert took a look at it he wondered the same thing that you did, but nevertheless we had developed Kobler. It was apparently easier and less expensive

to rehabilitate. The work on it is only temporary and one of our two airfields on Saipan has to be built into a permanent airfield to at least FAA minimum standards. We much prefer Isley because it is just a better field in every respect.

KUSAIE DOCK AND HARBOR

Mrs. HANSEN. Justify your request of $800,000 for a dock and harbor at Kusaie.

Mr. JOHNSTON. That is one of our nondistrict center major population areas.

Mrs. HANSEN. What is the population there?

Mr. JOHNSTON. About 4,000.

INTERISLAND SHIPS

Mrs. HANSEN. You are requesting $638,000 for interisland ships. Four of your nine vessels have passed useful life.

Where are you going to purchase the new ships and how are you selecting them?

Mr. JOHNSTON. We will get proposals from shipyards in various countries.

Mrs. HANSEN. You are going to have them built?

Mr. JOHNSON. To our specifications, yes, ma'am.

Mrs. HANSEN. Are these cargo and passenger ships?

NEED FOR SPECIALIZED VESSELS

Mr. JOHNSTON. Yes, ma'am. I inquired of our transportation staff why we couldn't just look around and buy a preconstructed vessel like you buy an automobile or something, and it was explained that for our unique needs this wasn't possible. We have to have a vessel that will carry cargo and passengers, can unload as quickly as possible under adverse conditions. It carries everything from floating stores to medical facilities.

Mrs. HANSEN. There are not too many of this type of ships in existence in the United States any more.

Mr. JOHNSTON. We have found some naval vessels, particularly I believe it is an AKL, that will at least temporarily serve some of the purposes and will be better than the old field trip vessels, but these are a temporary rather than a permanent solution.

COMMUNICATIONS SYSTEM, PALAU

Mrs. HANSEN. Justify your request of $300,000 for communications system, Palau.

Mr. JOHNSTON. That is the one remaining district that is not yet hooked into our communications system at present.

TELEPHONE SYSTEM

Mrs. HANSEN. Justify your request of $160,000 for telephone systems.

Mr. JOHNSTON. It is to expand our internal telephone communications, so now that we are hooked in with the rest of world we won't

have to go in a jeep and haul somebody down to the one place where we have a telephone. First we establish communication with the rest of the world and now we establish it on each individual island.

WAREHOUSES

Mrs. HANSEN. You are requesting $167,000 for warehouses. How do you control your rat problem on your cargo? You certainly have rats, I imagine, in Micronesia. I have never seen a waterfront area without them.

Mr. JOHNSTON. That is right. The responsibility for this is in our division of sanitation and disease prevention in the health services department.

Mrs. HANSEN. How do they get rid of them?

Mr. JOHNSTON. Just the normal methods of rat eradication of poisoning and so forth.

ICE AND COLD STORAGE FACILITIES

Mrs. HANSEN. You are requesting $250,000 for ice and cold storage facilities. Where are these going to be located?

Mr. JOHNSTON. For Truk and Ponape, these are very, very important to the temporary storage of fish.

Mrs. HANSEN. Are you planning a continuing program so that you will eventually have ice and storage facilities at each district center?

Mr. JOHNSTON. Yes, ma'am. I might say this will be both a government and a private program.

We have made it a condition of granting fisheries rights, that the private individuals who want to come in to fish will start to build shore facilities, so we will be developing both government facilities and private facilities.

RICE PROJECT, PONAPE

Mrs. HANSEN. You are requesting $300,000 for a rice project on Ponape. Justify this request.

Mr. JOHNSTON. That is the start of a rice development project in an area that lends itself to rice production very well.

BIKINI REHABILITATION PROGRAM

Mrs. HANSEN. How is your Bikini rehabilitation program progressing? How many people, if any, have returned to Bikini? Also are you still having trouble with the coconut crabs?

COCONUT CRAB RADIOACTIVITY

Mr. JOHNSTON. Our indications are that the coconut crabs are not that much of a problem now. I remember we discussed that at some length last year. We have since requeried the Atomic Energy Commission and Dr. Connard was there just a very short while ago and we haven't gotten the updated report, but they were going to check that specifically. We did get a report that they took samples of coconut

crabs from the various areas of the Bikini atoll and we will get a specific report on that in the future. But the coconuts that have been planted are growing very well.

REHABILITATION PROGRAM

A group from the Kili Islands, the displaced persons who will be moving back to Bikini, called on the district administrator in the Marshalls and our attorney general attended the meeting last Thursday and Friday, just a week ago.

They originally had a demand that they all return to Bikini by July of this year, but they have agreed to go along with our more gradual rehabilitation. We do not want the people to move back to Bikini and create a welfare state. We want them to move back when they can be self-sufficient. The rehabilitation is not without its problems, but it is proceeding on schedule and we feel we will be able to keep it that way although there is no guarantee of it.

We were discussing yesterday the form of municipal government. The Kili Council, which has a magistrate and several members elected by the people, has been very vigorously pursuing this rehabilitation program with almost constant changes of what they want to do with it.

RETURN OF RESIDENTS

Mrs. HANSEN. None of the residents of Bikini have returned yet?

Mr. JOHNSTON. No. They have gone back in work parties to prepare the islands.

Mrs. HANSEN. They are not living there?

Mr. JOHNSTON. No, they are not. We have let a contract for construction of the homes to a local contractor, I am happy to say, but the homes are not yet constructed. We still don't want them to move back there until they can be self-sufficient and have some means of livelihood.

COCONUT CRAB RADIOACTIVITY

Mrs. HANSEN. I am glad the AEC is looking into the crab problem.

Mr. JOHNSTON. We have not seen it yet. Not to my knowledge at least, but we are expecting it.

Mrs. HANSEN. Will you be receiving the report prior to any resettlement?

Mr. JOHNSTON. Oh, yes.

Mrs. HANSEN. You may have to do posting and warning.

Mr. JOHNSTON. Yes.

They keep the place under fairly regular surveillance and they say the latest field trip group has not yet given its official report.

Mrs. HANSEN. The committee is watching this situation very closely.

RESPONSIBILITY FOR PAYMENT OF REHABILITATION COSTS

Who is paying the cost of this rehabilitation?

Mr. JOHNSTON. We are. The Trust Territory government.

Mrs. HANSEN. Why shouldn't the AEC pay for the rehabilitation?

Mr. JOHNSTON. There was an agreement between the two departments that they would do a certain phase of it. The cleaning of the island and the basic safety. Then we had to come in to plant the coconuts, build the homes and that part.

Mrs. HANSEN. When was this agreement signed?

Mr. JOHNSTON. It must have been about 3 years ago, Madam Chairman.

Mrs. HANSEN. Please insert in the record the terms of that agreement. Considering our limited funds, I think this was a very poor agreement.

(NOTE: See page 1008.)

Mr. JOHNSTON. At one point, Madam Chairman, the natives of Kili said they would not build their own houses; they would not participate in any way. As they put it, the soldiers destroyed them, the soldiers could rebuild them.

COST OF REHABILITATION

Mrs. HANSEN. I think the Atomic Energy Commission has a direct responsibility in this field. How much will it cost to rebuild? How much did it cost to replant?

Mr. JOHNSTON. I think the original estimate was about $3.3 million for the whole project.

Mrs. HANSEN. Give us the details on this. I think this is unconscionable.

Mr. JOHNSTON. They paid for just the basic cleanup, to get the scrap metal out; and just left the bare island.

Mrs. HANSEN. It should be restored to its former condition.

How much did it cost to replant the coconuts?

Commissioner JOHNSTON. About $100,000.

COST OF REBUILDING HOUSES

Mrs. HANSEN. How much did it cost to rebuild the houses?

Mr. JOHNSTON. That was $198,000, the amount that we have already awarded the contractor. Then we are requesting another $125,000.

Mrs. HANSEN. Are these houses going to be supplied without payment to those who go back to settle?

Mr. JOHNSTON. That is correct.

Mrs. HANSEN. What are the other costs?

Mr. JOHNSTON. That is for the core of the house, we call it. This year we would need the funds for cookhouses, outhouses, bathhouses, and water storage tanks. That is another $125,000. With their system of living, they have a living home and then the other subsidiary homes with it. We gave them several choices of a type of home. The people picked the type of home they wanted out of a number of designs.

COST OF PUBLIC BUILDINGS

Mrs. HANSEN. Aren't you going to have to build schools?

Mr. JOHNSTON. Yes, but this comes later. The public buildings come beginning probably in 1974 or 1975.

Mrs. HANSEN. Is this school construction going to be paid by the people of Bikini?

Mr. JOHNSTON. Yes. We can break down the entire program, as to what the AEC picked up and then what we picked up.

Mrs. HANSEN. Please do.

(The information requested follows:)

By the terms of an agreement between DOD and AEC on 11 February 1969 each agreed to provide $300,000 (total $600,000) in FY 1969 to pay a portion of cleanup costs for Bikini. Beyond this agreement it was necessary for the Trust Territory to budget for all other projected costs of the Bikini Resettlement program (including an additional $600,000 to cover remaining estimated costs of the cleanup).

TRUST TERRITORY

The Bikini Resettlement Program as presented in the Budget Justifications for FY 1970 was as reflected in the following condensed schedule:

TRUST TERRITORY OF THE PACIFIC ISLANDS	FY 1969	FY 1970	FYs 1971 Thru '75	Totals
		1/		
Atoll Cleanup	-	$ 600,000	$ -	$ 600,000
Transportation	-	100,000	-	100,000
Replanting	-	133,000	44,000	177,000
Grove Maintenance	-	-	112,000	112,000
Construction	-	625,000	190,000	815,000
Administration and Resettlement	-	67,000	366,800	433,800
Kili	-	95,000	-	95.000
Ujelang	-	80,000	-	80,000
Sub-total TT.	-	$1,700,000	$712,800	$2,412,800
DEPARTMENT OF DEFENSE/AEC				
	1/			
Atoll Cleanup	$600,000	-	-	600,000
TOTAL (TTPI, DOD AND AEC)	$600,000	$1,700,000	$712,800	$3,012,800

1/ The total cost of atoll cleanup estimated at $1,200,000, of which $600,000 was made available in fiscal year 1969 by the Department of Defense and AEC (AEC portion available after June 30, 1969).

POPULATION OF BIKINI

Mrs. HANSEN. What was the population of Bikini at the time the people were relocated?

Mr. OLTER. About 250 to 300. The population that would be moving back now is slightly in excess of 400.

Mr. JOHNSTON. May we go off the record?

(Discussion off the record.)

FINANCING OF BIKINI PROGRAM

Mr. JOHNSTON. I think the record should indicate the Congress of Micronesia is firmly on record as feeling that the Interior budget and the budget for the Trust Territories should not pay for the Bikini rehabilitation. Isn't that correct?

Mr. SETIK. Yes.

Mrs. HANSEN. I am in complete agreement. If you had an open-end ceiling then I could see no reason not to pay for the repair of Bikini.

Mr. JOHNSTON. That will be our stand. We are proceeding with this program because the two Departments, Interior and Defense, had made an agreement, and we are under that constraint.

Mrs. HANSEN. I don't have to agree with the agreement.

CIVIC ACTION TEAMS

You are requesting $700,000 for civic action teams. You gave us a review of what they had done in the field of road building.

SUMMARY OF ACCOMPLISHMENTS

Please insert in the record a summary of their accomplishments?

Mr. JOHNSTON. Yes, we can. We have such a summary that shows what they have accomplished in construction, in training and in medical treatment.

(The information follows:)

MILITARY CIVIC ACTION TEAMS IN THE TRUST TERRITORY OF THE PACIFIC ISLANDS

As of March 1st this year, military Civic Action Teams had spent a total of 125 months deployed to nine sites in the Trust Territory of the Pacific Islands. (Tab A summarizes the time-on-site). Since two Navy teams first arrived in June of 1969, the following accomplishments have been made:

Construction

School	22 rooms
Medical	32 rooms
Recreational	19 facilities
Public Building	23 buildings
Sanitation	28 buildings
Fresh Water Catchment	412,000 gallons capacity
Water Distribution	19,200 feet
Electrification	8 systems
Land Clearance	59 acres
Causeway	7,450 feet
Seawall	3,100 feet
Airfield Rehabilitation	2 airfields
Drainage (Culvert)	100 sections
Road Pioneering	25 miles
Road Construction	40 miles
Road Maintenance	57 miles
Road Improvement	70 miles
Vehicular Bridge Construction/Repair	360 feet/60 feet
Pedestrian Bridge Construction	110 feet
Microlympics Track (fill)	14,000 cubic yards
Miscellaneous Project Assistance of less than 5 military mandays effort	30-50 projects per month
Training	
Formal Training (Presently)	50 trainees
Formal Training (Graduated)	52 trainees
Volunteer Labor	2,500 persons (est.)
Medical	
Treatment	7000 treatments

These accomplishments are impressive. But it should be noted that the success of a program such as this cannot be evaluated accurately in terms of the miles of road constructed or the number of classrooms built. Rather, the value of the program must be assessed in intangibles, such as the raised aspirations and increased capabilities of the Micronesians to improve their communities and economy. The true test of the program's worth, then, is the Micronesians' continued glowing praise and thanks for the efforts of the military Civic Action Teams.

CIVIC ACTION TEAM DEPLOYMENT SITES

Site	Dates	Total Mos.	Service Teams
Ponape (Ponape)	June 69 - Present	21 mo.	3 Navy
Ponape (Kusaie)	Dec 69 - Present	15 mo.	3 Navy
Truk (Moen)	June 69 - Present	21 mo.	3 Navy
Yap (Colonia)	July 69 - Present	20 mo.	3 Navy
Marshalls (Majuro)	July 69 - Present	20 mo.	1 Navy/ 3 Army
Marianas (Rota)	Sept 69 - Apr 70	8 mo.	1 Navy
Marianas (Pagan)	Apr 70 - Jan 71	8 mo.	1 Air Force
Marianas (Tinian)	Jan 71 - Present	2 mo.	1 Air Force
Palau (Koror)	May 70 - Present	10 mo.	2 Navy
Total: 9 Sites		125 mo.	21 Teams

COST OF TEAMS

Mrs. HANSEN. What was the total amount you spent last year for civil action teams?

Mr. JOHNSTON. Last year we spent $581,000. This year we estimate an expenditure of $700,000.

NUMBER OF TEAMS

Mrs. HANSEN. How many teams did you have last year?

Mr. JOHNSTON. We had a total of 21 teams. Each team consists of 13 men. They rotate approximately every 9 months, so we have had 21 in total.

LOCAL ACCEPTANCE OF PROGRAM

Mrs. HANSEN. Have the islanders opposed the civil action teams?

Mr. JOHNSTON. No; at the start there were 2 trouble areas. On Truk it took them a little longer to build their quarters and this created a little unpleasantness. Palau, at first, absolutely wanted no teams in. So we said, "This is purely local option. Nobody forces you to have a team."

Mrs. HANSEN. They are used at the option of the local people?

Mr. JOHNSTON. That is right. Then when they saw what the teams were doing in other areas, they requested two teams and we gave them one. The Palan legislature and the people of Palau are very happy with the team.

WATER AND SEWERAGE

Mrs. HANSEN. You are requesting $7,639,000 for water and sewerage and power facilities.

Will this be adequate to meet your needs?

Mr. JOHNSTON. We have this analyzed, district by district. This is water facilities on Saipan—it would be completed by about 1973.

Mrs. HANSEN. Why is it taking so long to be completed?

Mr. JOHNSTON. Just the physical length of time it takes to put in a pipeline and replace the broken ones. We are rapidly proceeding on that.

Mrs. HANSEN. How many people are you going to serve?

Mr. JOHNSTON. However, that is a gradual thing. It shows here on the chart relatively little difference beween 1971 and 1975. These are extensions of the system. Basically, in 1972 a great deal of it would be completed. So we would have a water system.

Then these are an extension of the system to other areas.

Mrs. HANSEN. Extension to other areas that are connected with the main system?

Mr. JOHNSTON. Yes.

MAJURO

Mrs. HANSEN. What is the situation in Majuro?

Mr. JOHNSTON. As I mentioned, the chart is entirely different there. This will be hooked in with the new airport. Majuro has had a very

bad water problem. Here the chart goes up very dramatically from practically nothing in 1972, up a little bit in 1973 and 1974, and then clear up to the top by 1974.

Mrs. HANSEN. As you finish your airport?

Mr. JOHNSTON. Yes.

PALAU

Mrs. HANSEN. What is the situation at Palau?

Mr. JOHNSTON. In Palau it remains relatively steady through 1972 and by 1973 it goes up to adequate service.

PONAPE

Mrs. HANSEN. Ponape?

Mr. JOHNSTON. Ponape shows 1974 serving adequately the population. It goes up fairly close to the top by 1973–1974, and then completed in 1975.

Mrs. HANSEN. Kusaie?

Mr. JOHNSTON. These are by districts, and Kusaie is part of the Ponape district.

1972 PROGRAM AND FUTURE NEEDS

Mrs. HANSEN. Please insert in the record what percentage of your water and sewage facilities will be adequate by 1972.

Mr. JOHNSTON. All right.

(The information requested follows:)

WATER AND SEWAGE PROGRAMS FOR 1972 AND REMAINING NEEDS

With funding as requested through 1972, water systems will be complete and adequate in the district centers of Marshalls, Palau, Ponape, and Yap. Funds currently planned to be requested in 1973 will complete adequate systems in the remaining centers of Saipan and Truk.

Sewerage systems funded through 1972 will be adequate in Saipan, Ponape, and Yap. Funds currently planned for 1973 and 1974 will complete adequate systems in the remaining centers of Marshalls, Truk, and Palau.

POWER

Mrs. HANSEN. You are requesting $2,100,000 for power, territory-wide. How many people will this serve?

Mr. JOHNSTON. We would have to develop those figures. We have it by years of funding, but the other part of it would have to be worked out. In our presentation we said, "Service will be made available to 64 percent of the district center households, up from 47 percent in 1971."

SERVICE PROVIDED IN 1971 AND 1972

Mrs. HANSEN. Please insert in the record the percent of people who had power services in 1971, and what you anticipate in 1972.

Mr. JOHNSTON. All right.

(The information requested follows:)

By the end of fiscal year 1971, powerload in the Trust Territory is expected to be about 12,300 kw., with power systems capability at 13,400 kw., and generating capacity at around 19,600 kw. About 47 percent of district center households

will be receiving service. The systems expansions proposed for 1972 will accommodate projected government and commercial requirements as well as bring residential service to an additional 1,200 families, with 64 percent of district center households receiving service. Over the next 5 years, an additional $7.2 million will be required to meet anticipated increased commercial and public facility demands as well as furnish power service to about 96 percent of district center households. During the same period, an additional $1.5 million will be needed to furnish limited power service to the more heavily populated outer islands, primarily for schools, dispensaries, small community refrigeration plants, and so forth, but with some nearby residents also receiving service.

MAINTENANCE AND REHABILITATION FACILITIES

Mrs. HANSEN. You are requesting $800,000 for maintenance and rehabilitation facilities? What type of equipment are you going to order?

Insert the information in the record.

Mr. JOHNSTON. OK.

(The information requested follows:)

The $200,000 for heavy construction equipment will provide:

Two 25-ton mobile cranes (for Yap and Palau).

One D–7 tractor bulldozer (for Palau).

The $200,000 for emergency and minor construction is needed for small projects in a range of $10,000 to $25,000. Local emergencies and tropical storms create urgent needs which will not permit a delay to await inclusion in the next budget request. (These funds are not ordinarily used for major equipment purchases.)

The $400,000 for road construction equipment will provide:

About $340,000 to purchase such items as road rollers, air compressors, dump trucks, aggregate spreader boxes, road brooms, and bulldozers.

About $60,000 for repair and transportation of excess road construction equipment to be procured from Defense agencies in Vietnam and Okinawa.

FUNDS FROM OTHER FEDERAL AGENCIES

Mrs. HANSEN. You anticipate receiving $7,259,700 in grants from other Federal agencies. Have you any comments to make on the operation of a few of these programs, particularly to determine how you avoid commingling grants with direct appropriations?

Mr. OYLER. Madam Chairman, if I may comment briefly. The funds available from other Federal agencies within the Trust Territory serve an excellent use of supplementing the Trust Territory funding for those special purpose programs for which we are entitled to participate under the law.

There is a detailed summary in the record, as you noted, of those programs in which we are participating. We are very grateful that we have the opportunity to be included in many of these because it does serve special and extra purposes, primarily in the fields of health and education, and enables us to move ahead faster in these special areas.

On the aspect of commingling, these are accounted for separately, and some great pains are taken to make sure that accountability is rendered to the Federal agency who is providing the funds.

Mr. YARBERRY. Madam Chairman, one thing is that in all of these education grant moneys, we do have advisory boards and meet this requirement in that way.

Mrs. HANSEN. Are these Micronesian advisory boards?

Mr. YARBERRY. Yes; largely the Manpower Advisory Council, but other boards also.

Mr. JOHNSTON. The Peace Corps and some of the OEO programs are totally separately administered. They have their own administration staffs and their own finance officers, and so on. So that that is very easily kept separate.

PEACE CORPS IN THE TRUST TERRITORY

Mrs. HANSEN. I will always believe that you shouldn't have treated the Peace Corps in the Trust Territory as a foreign Peace Corps. You should have made it a domestic Peace Corps so that the people had the feeling that they were working as part of the domestic operations.

Mr. JOHNSTON. It took a while to get it to that point. Their present territorial director and his staff are thoroughly in agreement with you. In the briefings that the new incoming people get, it is made clear that they are assigned to specific duties within the administration of the Trust Territory government, and it works much better.

Mrs. HANSEN. I think Mr. Blatchford has been extremely cooperative in this area. I think there is a much better understanding today of their role and their sense of participation.

SAIPAN TRUST FUND

In the justifications there is a balance sheet of your Saipan trust fund. What does this trust fund involve, and how do you determine what is deposited in the Bank of America?

Mr. JOHNSTON. Madam Chairman, could we have a moment to get our finance director, who is in the next room, to answer these questions?

Mrs. HANSEN. Yes.

Mr. JOHNSTON. Mr. Hoover, could you answer that question?

Mr. HOOVER. The Attorney General does the counselling.

Mrs. HANSEN. What does the trust fund involve?

Mr. HOOVER. Madam Chairman, the Saipan trust fund is evidently a lump-sum settlement for some retention of land from the Navy right at the end of their tenure in Saipan. It is handled by a board which is chaired by the district administrator.

Mrs. HANSEN. It was paid to the Micronesians?

Mr. HOOVER. It is available to them. It is put under a trust.

Mrs. HANSEN. What does it amount to?

Mr. HOOVER. $524,000 presently are the assets. It was originally a $500,000 fund.

Mrs. HANSEN. Then it is deposited in the Bank of America?

Mr. JOHNSTON. Right; and the Bank of Hawaii.

Mrs. HANSEN. Who counsels the board on the investment procedures?

Mr. HOOVER. The attorney general's office counsels the board on the investments.

Mrs. HANSEN. The attorney general of Micronesia?

Mr. HOOVER. Yes, ma'am.

USE OF FUNDS

Mrs. HANSEN. What can the trust funds be used for?

Mr. HOOVER. There are numerous things the trust can be used for. The board has to approve the use and it has to be used entirely for the people living on Saipan. It is not considered to be used for the outlying islands of the Mariana District but for road improvement, a building of some type for the Saipan District, anything of this type. It is very broad.

Mr. HOOVER. There hasn't been any of it used.

LOAN TO MARIANAS HOUSING AUTHORITY

There has been $130,000 of it that has been loaned to the Marianas Housing Authority. But it is on a loan.

Mrs. HANSEN. Please insert the interest rate in the record.

Mr. HOOVER. All right.

(The information follows:)

The interest rate is 3½ percent on the loan made by the Saipan Trust Fund to the Marianas Islands Housing Authority.

COPRA STABILIZATION FUND

Mrs. HANSEN. In the justifications there is also a balance sheet on the Copra Stabilization Fund. What does this involve?

Mr. HOOVER. Madam Chairman, this is a fund which is administered or directed by a board, which is chaired by the Deputy of Resources and Investment. There is also a Chief of Finance and Accounting who is on the board and also the Attorney General advises them.

Mrs. HANSEN. Where did the initial funds come from?

Mr. HOOVER. I cannot answer that.

Mr. JOHNSTON. From payments from copra. It was in reserve. This is set up to stabilize and balance the fluctuations in the world market on copra.

Mrs. HANSEN. Is this similar to the stabilization payment in agricultural products?

MANAGEMENT OF FUND

Mr. JOHNSTON. Yes. And the board executes a management contract. Right now the one that that report covers is with the United Micronesian Investment Association. There are currently two competitors for the renewal of the contract.

As far as I know, the new contract has not been let yet. But they do have a management contract with someone. It was formerly a west coast organization and now both of the competitiors are based in Micronesia. So it will be a Micronesian firm which will administer the activities of the Copra Stabilization Fund in buying and selling the copra and marketing it.

Mrs. HANSEN. Where is this fund deposited? Is it in the Bank of America?

Mr. JOHNSTON. It is in the Bank of America and/or the Bank of Hawaii, which are the only two banks that operate in the Trust Territories.

PROPOSED BANK OF MICRONESIA

Mrs. HANSEN. Will the time come when you have a bank in Micronesia?

Mr. JOHNSTON. I think Senator Olter or Congressman Setik can answer that one.

Mr. SETIK. There is a bill pending in the present Congress to create a Bank of Micronesia.

Mrs. HANSEN. I would guess this is part of your limitations?

Mr. JOHNSTON. Yes. We have great limitations in the field of banking, particularly in making commercial loans where the bank doesn't really have the right of foreclosure and where land really can't be put up as security because land cannot be owned by a non-Micronesian and the banks are non-Micronesian corporations.

(Discussion off the record.)

ECONOMIC DEVELOPMENT LOAN FUND

Mrs. HANSEN. You also have an Economic Development Loan Fund. What does this involve? Is this deposited in the Bank of America?

Mr. JOHNSTON. Yes, the time certificates are deposited in our two local banks. You will note that the net cash available for loans as of June 30 last year was only $38,000. For some time now the fund has been virtually exhausted. We can make small loans as the fund is replenished by loan repayments. But this is the need for the additional moneys put into the fund. This fund, too, is administered by a board appointed by the High Commissioner.

Mrs. HANSEN. Is this done in cooperation with the Micronesian Government?

USE OF FUNDS AT DISTRICT LEVEL

Mr. JOHNSTON. Right. You will notice an item reserved for district use. Each district has a $10,000 fund set aside that is exclusively for the use of the district. It does not require the permission of anybody at the headquarters level.

Mrs. HANSEN. Is this done at the district level?

Mr. JOHNSTON. Yes. And there is a request pending from the District Administrators that this portion of the fund should be increased.

Mr. SETIK. May I add this: During the last hearing it came to our attention there are over $2 million pending. That is the reason why we tried to get this $600,000.

COPRA STABILIZATION FUND

Mrs. HANSEN. I can see your problem. Thank you.

You have profit on sale of lots. What does this involve?

Mr. JOHNSTON. That is in the Copra Stabilization lot. That is, lots of copra. Rather than banks, it is lots in copra.

Mrs. HANSEN. Last year we discussed the award of the air-carrier contract in the Trust Territory. How many carriers presently are going into the Trust Territory?

AWARD OF AIR ROUTE IN TRUST TERRITORY

Mr. JOHNSTON. Continental Air Micronesia is an airline which is presently owned, 49 percent by Micronesian interests, and 51 percent by a combination of Continental and Aloha Airlines, but contains a provision that by 1973 it will be owned 60 percent by Micronesian interests. This airline owns a DC–6, which is being purchased.

This plane flies from Guam to Yap, Palau and back, where we cannot use a jet. The jet is owned by Continental and leased to Air Micronesia. We operate the whole airline with two airplanes, yet they make three weekly schedules from Honolulu through Micronesia to Okinawa. The Okinawa portion is now made only once a week. The flights to Honolulu and through the Marshalls District are twice a week, and to all of our other districts, three times a week.

In other words, Palau, Yap, Truk, Ponape, and Saipan are serviced at least three times a week. There is daily and sometimes twice or sometimes three times daily between Guam and Saipan where we connect with other airlines.

Japan Airlines on August 26 last year was granted permission—the President signed the order to become effective December 31—giving them landing rights from Tokyo to Saipan.

This has not been instituted yet because Kobler Field, in the opinion of the FAA and our Government, will not handle regular traffic of 707 or DC–8 aircraft.

Mrs. HANSEN. At the present time you have only one U.S. airline flying into the Trust Territory?

Mr. JOHNSTON. That is right.

Mrs. HANSEN. And one Japanese airline?

Mr. JOHNSTON. Then at the present time Air Nauru is flying a route every second Sunday from the little independent Republic of Nauru to our air strip on Majuro and connecting up with other airlines. This so far does not have the permission of the Civil Aeronautics Board, to whom they have applied as a courtesy, but does have the permission of the High Commissioner, which is what they really need just for that short segment.

It is only about an hour and 45 minute flight.

This is the extent of it, except for some emerging local carriers. Air Pacific flies only in the Marianas. They have a seven-passenger, twin-engine plane that flies Guam, Saipan, Tinian, Rota, Anatahan, and so on.

As I said, there are two licensed carriers, licensed businesswise but not FAA-wise, in the Marshalls.

INTEREST BY OTHER CARRIERS

Mrs. HANSEN. Have other carriers requested air rights?

Mr. JOHNSTON. Yes. In fact, there is a case which has not been heard or decided yet to provide a reciprocal American carrier for Japan Airlines. At the last reading there were three American airlines.

Mrs. HANSEN. Which three?

Mr. JOHNSTON. Pan American, Continental, and either TWA or Northwest. I would have to check. There were originally four, and I believe TWA withdrew and Northwest is the third one.

PROCESS OF CURRENT AWARD

Mrs. HANSEN. Please insert in the record the details on the award.
Mr. JOHNSTON. Yes, ma'am. This was a rather lengthy process.
(The information follows:)

In March 1967, the Trust Territory of the Pacific Islands invited proposals from airlines and aircraft operators to provide scheduled air service from Guam to various points in the Trust Territory, to replace the service provided by Pan American World Airways, whose agreement was scheduled to expire on December 31, 1967.

Responsive proposals were received from four airlines--Pan American, Northwest, Continental, and Hawaiian. Following extended negotiations with the interested airlines and careful evaluations of their proposals, Secretary of the Interior Udall announced on November 10, 1967, the selection of Continental Airlines as the carrier to provide service to and within the Trust Territory for the following five years. Execution of the agreement was postponed, however, to afford the General Accounting Office an opportunity to consider a protest filed by one of the unsuccessful bidders. GAO reviewed the record of the proposals and negotiations and denied the protest. The formal agreement with Continental was thereupon concluded on January 18, 1968.

Under the agreement, Continental was to inaugurate its service with Boeing 727-100 QC aircraft and, contingent upon approval by the Civil Aeronautics Board, which was subsequently obtained, was to provide direct service between Honolulu and the Trust Territory. Continental would operate through an organization known as Air Micronesia, owned initially 31 percent by Continental, 20 percent by Aloha Airlines of Hawaii, and 49 percent by the United Micronesian Development Association, a Trust Territory corporation representing business interests throughout all parts of the Trust Territory.

Continental was committed under the agreement to undertake a vigorous program of travel promotion to the Trust Territory designed to improve the economy of the islands. As part of this promotion, hotels would be constructed in each of the six principal population centers of the Territory, on a schedule of two starts in each of the first three years. In addition, substantial expenditures each year throughout the term of the contract would be made for tourist promotion. Continental was also committed to a vigorous training program for Micronesians and to staffing its entire operation with Micronesians as rapidly as possible.

AUDIT OF TRUST TERRITORY FINANCIAL MANAGEMENT ACTIVITIES

Mrs. HANSEN. Last spring the special investigative staff of the House Committee on Appropriations performed an audit on the financial management arrangement activities of the Trust Territory. The report of this audit revealed several serious deficiencies in your accounting procedure. Please summarize for the committee the corrective action you have taken to date to correct these shortcomings.

Mr. JOHNSTON. May I ask Mr. Hoover to comment further on that.

Mr. HOOVER. Madam Chairman, we have finished our accounting manual for the new financial management system in the trust territory. It is now being reviewed by the survey and review staff in the Department.

We hope for approval, and then we will commence implementation. This will, we feel sure, correct all of the deficiencies and insure they remain corrected for our financial management in the trust territory.

We have taken corrective action in all categories which the investigating committee identified.

AUDIT RECOMMENDATIONS AND ACTION TAKEN

Mrs. HANSEN. Please insert in the record their recommendations and what action you have taken to date.

Mr. HOOVER. Yes, ma'am, we have that available.

(The information follows:)

II. B. 2a P.21 Lack of Useful Accounting Information

Category B

The new Financial Management System will correct this deficiency. The Accounting Manual has been completed and will be printed after being approved by the Department. Implementation will commence immediately.

II. F. P.40 Budgeting Practices Relating to Local Appropriation

Category C

As pointed out in our previous report, we had intended to discuss integrated budgeting with the Congress. However, the early adjournment of the Congress prevented us from discussing this matter. We will continue to pursue the matter with both the Congress of Micronesia and the District Legislatures.

III. B. P.43 Accounting Systems in Effect

Category B

Progress continues in this area. Initial implementation of the new Financial Management System has begun.

III. C.1. P.45 Subsidiary Records Not in Agreement with Related General Ledgers Control Account

Category B

Considerable progress is being made in this area. Two Accounting Technicians from the Department are in the Trust Territory on loan. One is being utilized to assist in account reconciliation.

III. C.2. P.47 Unreconciled Bank Balances

Category B

A new format has been developed to present our bank reconciliations in a more clear and concise manner. One U.S. Supervisor and one Accounting Technician have been assigned to this area to insure all reconciling items are handled promptly.

III. C.4. P.49 Unreliable Receivables Account

Category B

Considerable progress has been made in the receivable area since the last report. Subsidiary records have now been reconciled with the General Ledger control accounts. Vigorous collection action is now underway.

III. C.5. P.53 Unrecorded Revenues and Understated Revenues

Category B

New billing procedure has been established for utilities. By June 1971 all billing for utilities will be automated.

IV. B. P.56 Physical Inventories

Category B

An Inventory and Supply Specialist from the Department is now working with Trust Territory Personnel in properly booking the existing inventory.

58-160 O - 71 - pt. 1 --65

Mrs. HANSEN. Thank you. Mr. McDade?

Mr. MCDADE. No, thank you, Madam Chairman. No questions.

Mrs. HANSEN. Thank you very much, Mr. Commissioner.

I would particularly like to thank the Members of the Micronesian Congress who have taken the time and the trouble and traveled so far to come and meet with us today. We think it is a great privilege to have had this opportunity of talking with you and working with you. It is always a pleasure to do this.

Will you take the committee's best wishes to all the people in Micronesia and give them our very best wishes and our greetings? Thank you so much.

Mr. JOHNSTON. We thank you, Madam Chairman.

Mrs. HANSEN. I think you have done an excellent job.

Mr. JOHNSTON. Thank you very much.

Mr. SETIK. I wish to thank you on behalf of our colleagues in Micronesia. We hope that someday you will come and have a chance to visit us.

THURSDAY, MARCH 25, 1971.

OFFICE OF THE SOLICITOR

WITNESSES

MITCHELL MELICH, SOLICITOR
RAYMOND C. COULTER, DEPUTY SOLICITOR
KEN M. BROWN, SPECIAL ASSISTANT TO THE SOLICITOR
ANDREW E. LATVALA, ADMINISTRATIVE OFFICER
FRANCIS M. WILES, DIRECTOR OF BUDGET

Mrs. HANSEN. The committee will come to order.

We now have the Office of the Solicitor and our principal witness is Mr. Mitchell Melich, Solicitor. We are very pleased to welcome you back.

JUSTIFICATION MATERIAL

We will insert pages 1 through 8 of the justifications in the record at this point.

(The pages follow:)

DEPARTMENT OF THE INTERIOR

OFFICE OF THE SOLICITOR

Salaries and Expenses

Appropriation, 1970	$5,530,000	
Second Supplemental Appropriation, 1970	454,000	
Total Appropriation, 1970		$5,984,000
Transferred from "Salaries and Expenses", Office of the Secretary	251,200	
Transferred from "Health and Safety", Bureau of Mines	343,000	+ 594,200
Total Available, 1970		6,578,200
Appropriation, 1971	7,074,000	
Pay Cost Supplemental, 1971	375,000	
Total Appropriation, 1971		7,449,000
Transferred to "Salaries and Expenses", Office of the Secretary	643,000	
Transferred to "Salaries and Expenses", General Administration, Department of Commerce	19,225	
Transferred to "Operations, research and facilities", Environmental Protection Agency	227,519	- 889,744
Total Available, 1971		6,559,256

Summary of Increases and Decreases, 1972

	Base for 1972	Decrease 1972	
Legal Services:			
Nonrecurring reduction for annualization of NOAA and EPA transfers	169,256	- 169,256	
Nonrecurring reduction resulting from program savings in paperwork management	---	- 12,000	
Increase for staff and related costs associated with the Indian Civil Rights program	---	103,000	
To provide direct funding of Pawhuska, Oklahoma field office previously funded by Indian Tribal funds	---	47,000	
Net decrease, 1972			- 31,256
Budget estimate, 1972			$6,528,000

OFFICE OF THE SOLICITOR
Salaries and Expenses

Activity	Fiscal Year 1970 Amount Available	Fiscal Year 1971 Total Appropriation	Pay Cost Supplemental	Transfers 1/	Amount Available
Legal Services	$6,555,193	$7,074,000	$375,000	$-889,744	$6,559,256
Unobligated balance lapsing	23,007	---	---	---	---
Total	$6,578,200	$7,074,000	$375,000	$-889,744	$6,559,256

1/ $643,000 transferred to "Salaries and Expenses", Office of the Secretary
$ 19,225 transferred to "Salaries and Expenses", General Administration, Department of Commerce
$227,519 transferred to "Operations, research and facilities", Environmental Protection Agency

Activity	Fiscal Year 1970 Amount Available	Fiscal Year 1971 Amount Available	Fiscal Year 1972 Estimate	Increase (+) or Decrease (-) 1972 compared with 1971
Legal Services	$6,555,193	$6,559,256	$6,528,000	$ - 31,256
Unobligated balance lapsing	23,007	---	---	---
Total	$6,578,200	$6,559,256	$6,528,000	$ - 31,256

Legal Services: Fiscal Year 1971, $6,559,256; Fiscal Year 1972, $6,528,000; decrease, $31,256. The decrease consists of :

	Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1)	$ - 169,256	---	---	---	Annualization of transfers to NOAA and EPA in accordance with Reorganization Plans #3 and #4 of 1970.
(2)	- 12,000	---	---	---	Due to program savings in paperwork management.
(3)	+ 103,000	---	$132,000	9	Increase for staff and related costs for Indian Civil Rights project.
(4)	+ 47,000	---	47,000	4	Full Federal funding of Pawhuska, Oklahoma Field Office.
	$ - 31,256	---			

Cost Factors Involved in Increases

(3) Salaries and related expenses for seven man-years of employment averaging $14,700; includes travel, other services, proofreading, printing and publishing, etc.

(4) Full Federal funding of Pawhuska, Oklahoma field office that has previously been financed by Indian Tribal Funds.

Justification

The estimate for Fiscal Year 1972 for the Office of the Solicitor is $6,528,000, a net decrease of $31,256 from the amount estimated to be available during Fiscal Year 1971.

The Department of the Interior and Related Agencies Appropriation Act of Fiscal Year 1971 contained $7,074,000 for the Department's legal activities. This amount has, however, been reduced by the following transfers:

(1) Transferred to the Office of Hearings and Appeals, Office of the Secretary (Reorganization Plan #3 of 1950),...$643,000

(2) Transferred to the National Oceanographic and Atmospheric Administration, Department of Commerce (Reorganization Plan #4 of 1970) 19,225

(3) Transferred to the Environmental Protection Agency (Reorganization Plan #3 of 1970) 227,519

These transfer reductions and a proposed pay cost supplemental result in a Fiscal Year 1971 availability of $6,559,256.

For Fiscal Year 1972, the Office of the Solicitor is requesting an increase of $150,000 for additional legal services which will be explained in detail below. Since Reorganization Plans #3 and #4 of 1970 were not effected at the beginning

of the fiscal year, there is a base reduction of $169,256 for annualization of the transfers. This, plus $12,000 savings in paperwork management, results in a total base reduction of $181,256, and a net decrease of $31,256.

Indian Civil Rights Project

Pursuant to Public Law 90-284, the Secretary of the Interior is charged with responsibility for the preparation of a considerable amount of material relating to Indian Civil Rights. Since the enactment of that statute, funds have been requested to enable the Office of the Solicitor to carry out these responsibilities.

In Fiscal Year 1971, we received, pursuant to our request, funding for one lawyer and one clerical employee to commence work on these projects. A substantial background evaluation has been completed and plans have been formulated for accomplishing these projects. As a result, it is now evident that additional personnel are essential if this work is to be completed within a reasonable length of time. In view of the emphasis upon improving the entire relationship of the Federal Government with Indian people, it is imperative that these projects proceed expeditiously.

The projects required by the act are:

(a) A model code: Title 3 of Public Law 90-284 directs the Secretary to recommend to Congress a model code to govern the administration of justice by courts of Indian offenses on Indian reservations. This code should cover both substantive and procedural matters, conforming to the most recent decisions of the courts. It is vital that such a code deal with the entire scope of the jurisdiction of these Indian courts, including criminal matters both regular and juvenile as well as civil matters. In addition, the law specifically directs the Secretary to consult with Indians, Indian tribes, and interested agencies of the United States in the preparation of this code. The Solicitor's Office would, of course, undertake to comply with all of these directives through a full survey and review of all existing court decisions and constitutions enacted by the many Indian tribes and other appropriate legal material. Personnel from this office would be traveling to various reservations to discuss the progress of the work and consult with Indians.

(b) Federal Indian Law: Title 7 of the same law directs the Secretary of the Interior to "completely revise" and extend Kappler's Indian Affairs, Laws and Treaties. This will involve expanding an existing five volume work to include all treaties, laws, executive orders, and regulations relating to Indian Affairs. The last current edition of this work was published in 1941 and compilation of treaties and legislation it contains extends only through June, 1938. The background and research effort necessary to accomplish this is a massive task since it will require a revision of all five volumes as well as a cumulative comprehensive index.

(c) Federal Indian Law: This same law also directs the Secretary of the Interior to revise and republish the treatise entitled Federal Indian Law. Initial examination by our attorneys indicates that a minor updating of this work is not sufficient. It will be necessary to undertake a total revision. The existing work represents extensive editorializing on the part of the author which results in a biased view on many important issues. Additionally, the text is repetitive, lacking in consistency of terminology and poorly organized. The final product will be widely used not only by the attorneys practicing Indian law but also in the academic field.

(d) Solicitor's Opinions: Finally, the law directs the Secretary to

prepare an accurate compilation of the official opinions, published and unpublished, of the Solicitor relating to Indian affairs and to maintain this compilation current on an annual basis. Our background work indicates there are now in existence Solicitor's Opinions relating to Indian affairs dating back to 1915. Prior to that time and beginning in 1871, an Assistant Attorney General assigned to the Department of the Interior also issued certain opinions on Indian matters. Those opinions are contained in the National Archives. There are also many unpublished memorandums and letters from the Solicitor's Office which are instructive and a considerable number of important decisions affecting Indians rendered by Assistant Secretaries and the Secretary of the Interior which should be included. It is our intention to make as complete a compilation as possible including all opinions, decisions, etc., of value.

It is more than evident that the work outlined above cannot possibly be accomplished in any reasonable length of time with the present staff of one attorney and one clerical employee. This Department is already well behind schedule in this entire effort. Public Law 90-284 erroneously specified a deadline date of July 1, 1968 for the completion of the Act. However, the Department has had subsequent communications with Senator Sam Ervin of North Carolina, the original sponsor, and we have an indication that Congress intended to set a date of July 1, 1971. Obviously, under the existing circumstances, meeting that date would be an impossibility also. Nevertheless, another long delay will not be tolerated by the Congress.

The President submitted to the 91st Congress significant proposals to benefit American Indians and announced that it is "long past time that the Indian policies of the Federal Government began to recognize and build upon the capacity and insights of the Indian people...". "The time has come to break decisively with the past and to create the conditions for a new era in which the Indian future is determined by Indian actions and Indian decisions." In line with this policy, legislative proposals have been made, an extensive reorganization of the Bureau of Indian Affairs has been devised and it is the responsibility of the Office of the Solicitor to carry out its charge under the Civil Rights legislation to enable Indians to develop a modern and equitable legal system which can be substantially administered by and for the Indian people.

Additional funding in the amount of $103,000 will be required to fulfill the requirements of the Civil Rights Act of 1968. The additional funds will be used to finance the following vacant positions and related supporting costs:

Attorney-Adviser, GS-13	$16,760
Attorney-Adviser, GS-13	16,760
Attorney-Adviser, GS-11	11,905
Secretary, GS-5	6,548
Secretary, GS-5	6,548
Secretary, GS-5	6,548
Docket Clerk, GS-5	6,548
	71,617
Personnel Benefits, 8%	5,729
	77,346
Supporting Costs: travel, other services, proofreading, printing and publishing costs, etc.	25,500
Estimated TOTAL	$102,846

Funds for the vacant Docket Clerk position will be required as the present clerk becomes more involved in indexing for the Indian Civil Rights staff, as is outlined in the proposal. Our present Docket Room is understaffed, and the imposition of additional work on the present staff will seriously affect the operation of the Solicitor's Office.

We propose no increase in our authorized position strength. This is because we have carried, throughout the years, more authorized positions than we had ever been fully funded for.

Funding for Pawhuska, Oklahoma Field Office

The Osage Tribe has requested that the Office of the Solicitor provide full funding ($47,000) for its legal office at Pawhuska, Oklahoma, beginning Fiscal Year 1972. The Osage Tribe has been providing the funds for this operation since the reorganization of the Solicitor's Office in 1954, when the tribe was allowed to continue an already established practice. This exception was allowed for several reasons, primary among them being a desire to maintain good relations with the Osage Tribe. The tribal council approves its budget and closely watches the expenditures, and they insisted that the superintendent of the legal office be paid directly from the same funds. Further, the Solicitor's Office employees were to share office space, supplies and equipment with other Osage Agency employees. Considerable work would have been required to maintain separate accounting for these services. For these reasons, the decision was made in 1954 that the Osage Tribe be allowed to continue paying for the legal services of the Pawhuska Solicitor's Office. Now, however, several factors have occasioned the Osage Tribe's reconsideration of the arrangement and their request that the Solicitor's Office now assume all costs of the Pawhuska Office. First, the Osage Tribe has experienced a substantial and rapid decline of its mineral income, and must therefore reduce its operating costs as much as is possible. Second, the Osage Tribe realizes that they have for many years paid for certain legal services which are provided other Indian tribes at no cost to the tribe. Therefore, the Osage Tribe now requests that it be relieved of this financial obligation and that the Solicitor's Office assume the same beginning Fiscal Year 1972.

Supplemental Information

In addition to these two requirements, the Office of the Solicitor initiated in Fiscal Year 1971 and plans to continue a recruitment and training program for recent law school graduates. Personnel records of the office indicate that approximately 20% of the personnel will be eligible to retire in calendar year 1972. While many will not retire in 1972, the combination of the large numbers of the staff eligible for immediate retirement, and the frequent inducements currently offered by the Civil Service Commission to promote prompt retirement of government employees demands that this office realistically anticipate an accelerated retirement rate in the next two to five years.

Most of the potential retirees are senior level and/or supervisory attorneys with many years of experience and considerable expertise in their respective subject areas. The number of younger attorneys understudying these senior level employees is not adequate to meet these projected losses. Therefore, the Office of the Solicitor has initiated a program to recruit graduating attorneys of high claiber to understudy and to eventually replace these retirees. In Fiscal Year 1971, the program recruited seven new lawyers, and the number annually recruited will be approximately seven to ten. Vacant positions in sufficient number to accommodate the recruitment are taken from various divisions and regions and are reassigned to the immediate Office of the Deputy Solicitor, to be designated as legal intern positions. Outstanding students of the present law school senior class are selected and in mid-winter offered a position to begin in the fall of that year. Duty status commences with an intensive training program including rotation among the Washington divisions. Included in this program is a periodic training

seminar based on current significant legal problems, presented for discussion by the senior level attorney and/or supervisor in whose area of responsibility the problem lies. The Deputy Solicitor, with direct supervision over these new attorneys, controls the training program and requires that meaningful and significant work assignments be made. The Deputy, with his overview of the entire office, can periodically reassign these attorneys to different locations as he sees the workload shifting and the desirability of additional training in other areas. After completing one year of in-service training, the new attorneys will be assigned to vacancies in various divisions of the Solicitor's Office. By this method, positions are reserved for the recruitment in the ensuing year.

The funding and positions for this retiree-replacement program have been absorbed within our existing funding base, through pooling of funds and vacancies from the various divisions of the Office.

Personnel Summary

	1970 Actual	1971 Estimate	1972 Estimate
Total number of permanent positions	468	402	402
Full time equivalent of other positions	4	4	4
Average number of all positions	390	395	392
Average GS grade	10.1	10.2	10.2
Average GS salary	$14,751	$14,891	$15,159

ITEMIZATION OF ESTIMATE

Appropriation Title: Salaries and Expenses Office of the Solicitor

	Actual 1970	Estimate 1971	Estimate 1972	Increase (+) or Decrease (-)
Program and Financing:				
Total obligations	$6,709,000	$6,723,000	$6,692,000	- 31,000
Receipts and reimbursements from Federal funds	- 152,000	- 164,000	- 164,000	---
Receipts and reimbursements from non-Federal sources (43 U.S.C. 1460)	- 2,000	---	---	---
Unobligated balance lapsing	23,000	---	---	---
New obligational authority	$6,578,000	$6,559,000	$6,528,000	- 31,000
New Obligational Authority:				
Appropriation	$5,904,000	$7,074,000	$6,528,000	-546,000
Pay increase Public Law 91-305	80,000	---	---	---
Transferred to other accounts	---	- 890,000	---	+890,000
Transferred from other accounts	594,000	---	---	---
Appropriation adjusted	$6,578,000	$6,184,000	$6,528,000 1/	+344,000
Proposed supplemental for civilian pay act increases	---	375,000	---	-375,000
Object Classification				
11 Personnel compensation	$5,646,839	$5,700,000	$5,671,000	- 29,000
12 Personnel Benefits	450,807	458,000	455,000	- 3,000
21 Travel and transportation of persons	121,425	153,000	153,000	---
22 Transportation of things	57,653	12,000	2,000	- 10,000
23 Rent, Communication and utilities	75,500	160,000	160,000	---
24 Printing and Reproduction	30,334	35,000	38,000	+ 3,000
25 Other services	172,426	115,000	115,000	---
26 Supplies and Materials	81,401	70,000	75,000	+ 5,000
31 Equipment	72,294	20,000	23,000	+ 3,000
Total obligations	$6,708,679	$6,723,000	$6,692,000	-$31,000

1/ The F.Y. 1972 base has been reduced by $169,000 to reflect the annualization of the transfers to other accounts.

OPENING STATEMENT

Mrs. HANSEN. Mr. Melich, will you please proceed with your general statement.

Mr. MELICH. Madam Chairman, it is a privilege to appear before your committee again to present our funding request for the next fiscal year. I am pleased to say that this request represents a reduction from that of last year for the Office of the Solicitor in the amount of $31,256. Our budget estimate for fiscal year 1972 of $6,528,000 is down from a budget of $6,559,256 in fiscal year 1971.

ORGANIZATIONAL CHANGES

We had a number of changes occurring over this fiscal year.

First.—As you know, a new Office of Hearings and Appeals was created in the Department and it became effective at the beginning of fiscal year 1971. Following the establishment of this office, the Solicitor's Office transferred to them thirty-seven (37) positions and $643,000 from our fiscal year 1971 budget.

Second.—Reorganization Plan No. 4 of 1970, creating the National Oceanic and Atmospheric Administration, resulted in the transfer of three (3) positions and $19,225 from our 1971 fiscal year budget to the Department of Commerce.

Third.—Reorganization Plan No. 3 of 1970, creating the Environmental Protection Agency, resulted in the transfer of twenty-six (26) positions and $227,519 from our 1971 budget.

Although our original appropriation combined with the pay increase supplemental for fiscal year 1971, totaled $7,449,000, funds transferred as a result of these organizational changes left us with an actual budget of $6,559,256.

INDIAN CIVIL RIGHTS PROJECT

Program changes reflected in our request for fiscal year 1972, are primarily concerned with Indian law.

The first of these is our Indian civil rights project. Last year we requested and were given funds for one (1) attorney position and one (1) clerical position to commence work on a model Indian justice code, a revision or Kappler's "Indian Affairs, Laws and Treaties" and "Federal Indian Law"; and a compilation of official opinions rendered by this Department affecting Indians beginning in 1871. Work has begun on these projects and as the outline is being drafted, it has become clear that these projects cannot be accomplished within a reasonable length of time by the present staff. I regret we are already far behind schedule; however, if we are to approach the objective of Congress in passing this law, a substantial work force of lawyers and clerical assistants will be necessary. In order that we may give you and the committee a clear picture of the magnitude of work involved, we have with us today some of the volumes which are required to be revised.

This is one, Kappler's volume, "Indian Federal Law", and this is the Navaho tribal code which we will discuss later.

For the accomplishment of this project in a timely manner, we are asking for funds for three (3) attorney positions and four (4) clerical positions.

FUNDING OF PAWHUSKA, OKLA., OFFICE

The second change concerns our field office in Pawhuska, Okla. In past years, this function has been funded by the Osage Tribe since all work done in that office was for the benefit of the tribe. This was a unique situation. The tribe has advised us that they have suffered some reduction in income and that since no other Indians bear the cost of the Interior Department's legal services they do not feel that it is proper for them to defray the cost of our Pawhuska office after fiscal year 1971.

CONCLUSION

In conclusion, the new requests for this year are made primarily to enable the Solicitor's Office to carry out the mandate of Congress in the Indian Civil Rights Act in a timely and professional manner and to enable us to bear the financial burden for our Pawhuska Office, when the Osage Tribe ceases its fundings.

We appreciate your consideration.

OFFICE OF HEARINGS AND APPEALS

We are prepared to answer any questions.

Mrs. HANSEN. You mentioned in your statement, but I wish you would give the committee additional details on how the creation of the new Office of Hearings and Appeals has affected the operations of your office?

Mr. MELICH. As you are aware, the Office of Hearings and Appeals formerly was under the Solicitor's Office, and because of the criticism leveled against the way in which we were handling appeals——

Mrs. HANSEN. What was that criticism?

Mr. MELICH. The criticism was aimed at the Solicitor because many people felt the Solicitor was acting as the sole judge and jury in these cases. The appeals originated within the Department, we furnished the legal services; after the appeals were over we were writing the final decision.

And many former Solicitors that attempted to change the system and remove it from the Solictor's Office for some reason or another failed to do it. We fortunately succeeded.

Now that we have separated the Hearings and Appeals Office from the Solicitor it is functioning much more smoothly. We have had very little criticism to date.

I am told by Mr. Day, the Director of the Office, they are catching up on the backlog of cases we have had in that Office for a good many years. I personally feel we have a real accomplishment by making that separation.

REORGANIZATION PLAN NO. 4

Mrs. HANSEN. Please give the committee any additional details on the effect Reorganization Plan No. 4 had on your operations.

Mr. MELICH. We transferred to the Department of Commerce these positions that were mentioned under Reorganization Plan No. 4.

Our principal function there was the one dealing with commercial fisheries, rather than the Bureau of Sports Fisheries. So we have nothing further to do in the area of Commercial Fisheries.

Mrs. HANSEN. Do the functions of the two bureaus overlap so there could be a controversy arising between the two as to jurisdiction?

Mr. MELICH. I don't recall of any problem to date that has been brought to my attention where there is an overlapping. Do you know of anything, Mr. Coulter?

Mr. COULTER. No, Mrs. Hansen. The positions that we transferred to Commerce were actually two legal positions and a clerical position, and these people were primarily concerned with the problems in financing, shipping, and that sort of thing under Commercial Fisheries and not under the Bureau of Sports Fisheries.

Mrs. HANSEN. Is any part of your activities related to the insurance on the boats that are impounded by foreign governments? Ecuador is a good example.

Mr. MELICH. That would come under Commercial Fisheries.

Mr. COULTER. And those lawyers would be involved in that situation.

Mrs. HANSEN. Then your office no longer handles the legal affairs of the insurance program.

Mr. COULTER. No, it doesn't, and the mortgage program.

REORGANIZATION PLAN NO. 3

Mrs. HANSEN. Please provide the committee with additional details on the effects that Reorganization Plan No. 3 had on your operations.

Mr. MELICH. The transfer of FWQA to the new Environmental Protection Agency did transfer an important function from the Department. As we have mentioned there were 26 positions which we lost, and of those 26, 11 were attorneys, three were clerical and 12 were vacant which had not been filled in that particular division.

Mrs. HANSEN. What particular kind of cases do these attorneys handle?

Mr. MELICH. We handle all of the work with respect to enforcement under the——

Mrs. HANSEN. Do you also handle cases with respect to enforcement proceedings dealing with oil spills?

Mr. MELICH. Anything dealing with water pollution, oil spills.

Mrs. HANSEN. Does your office handle cases with respect to the general environment?

Mr. MELICH. Rivers, streams, lakes, any pollution in that area. We were responsible and furnished the legal service when any of these conferences within the States were held. We advised FWQA with respect to various contracts and the entire grant program they have. That was all under our Department.

Mrs. HANSEN. Then the FWQA would be handling the pollution problem posed by the cheese industry of Wisconsin.

Mr. MELICH. If they are polluting any stream, we would have been involved in that. I suppose they are involved in it now.

Mrs. HANSEN. I hope they are.

Mr. MELICH. They appear to be.

ADVANCEMENTS AND REIMBURSEMENTS

Mrs. HANSEN. Your appropriation language provides that not to exceed $164,000 may be reimbursed or transferred to your appropriation from other accounts available to the Department of the Interior. What does this involve?

Mr. MELICH. The Bureau of Indian Affairs, $13,803, the Bureau of Land Management, $19,088, Geological Survey, $15,830, Bureau of Mines, $24,187, Fish and Wildlife Service, $72,055, Bureau of Reclamation, $16,655. That is a total of $161,618.

Mrs. HANSEN. What is the difference between the $164,000 and this total of $161,618?

Mr. LATVALA. This allows for legal research we did.

OTHER ASSESSMENTS

Mrs. HANSEN. Are there any other assessments you make against the bureaus of the Department of the Interior?

Mr. MELICH. Appalachian program, $28,365. Fisheries loan requested, $36,609. That makes $64,974. Explain it.

Mr. LATVALA. The Osage Tribe paid the salaries directly of those people so it did not come out of the appropriation of the Office of Solicitor. They are on a separate payroll outside of our program.

Mrs. HANSEN. Have you assumed the operation of Pawhuska, Okla., field office?

Mr. LATVALA. We will in 1972.

Mr. MELICH. The Fisheries loan program is no longer with us. This was the Commercial Fisheries transfer now effective. These salaries will be paid by the Commerce Department. The Appalachia program in the amount of $28,365 is still with us. There are two positions in the Solicitor's Office paid for by the Appalachian program and again outside of our appropriation.

NONREIMBURSABLE DETAILS

Mrs. HANSEN. To what extent are you involved in the nonreimbursable detail of employees either in or out of your office?

Mr. COULTER. Nonreimbursable. We don't have any, do we?

Mr. LATVALA. No; I don't think so.

Mrs. HANSEN. Then are you reimbursed for employees on detail to other agencies?

Mr. COULTER. We take care of them through our appropriation.

COMMERCIAL FISHERIES REQUEST

Mr. LATVALA. What about Commercial Fisheries?

Mr. COULTER. I might say one of our problems is we have and have had for a number of years this limitation on our reimbursable account. As you can see, the limitation of $164,000 together with these figures indicate we don't have any latitude to accept reimbursement; so that in the case of Commercial Fisheries, they have asked us, because they don't have a proper legal organization in the field, to take care of their problems—

Mrs. HANSEN. Why not?

Mr. COULTER. I can't answer that question. That would probably have to come from them.

Mrs. HANSEN. Their budget is not considered in this committee so I need to know why you are furnishing funds appropriated for your office for their activities.

Mr. COULTER. As a matter of fact we haven't yet.

Mrs. HANSEN. What are you going to provide?

Mr. COULTER. They came to us and have said to us, "Can you provide a service for us on a reimbursable basis?"

I said, "No, we can't because I don't have the latitude in our reimbursable accounts to take care of this problem."

If we can work something out it would have to be on some other basis than reimbursability because we don't have the latitude. As yet I haven't worked out anything with them, Mrs. Hansen.

Mrs. HANSEN. Please insert in the record what you plan to do in this connection.

Mr. COULTER. Yes, we can in terms of dollars.

Mrs. HANSEN. Bear in mind that the Bureau of Commercial Fisheries used to be handled through this budget until it was transferred to NOAA for "greater efficiency."

Mr. COULTER. Yes, we can supply you with the figures we have calculated. I reiterate the problem we have—we haven't agreed to furnish anything yet because I don't know how to do it really.

Mrs. HANSEN. That is exactly what we want to know, the imponderables.

(The information follows:)

The Office of the Solicitor has been in touch with the Department of Commerce and has informed them that we cannot perform the requested legal services. The estimated cost would have been approximately $4,500, if the services had been performed.

REORGANIZATION PROBLEMS

Mr. MELICH. I want to make one other statement. Because of the reorganization under which we lost Commercial Fisheries and FQWA, I did assure our lawyers that were transferred over and our present lawyers in the various divisions that work in this field, that we would assist them in the transition because they were having difficulty in finding space. Many of the lawyers stayed at Interior until just recently.

So we did cooperate to the extent that we tried to make their transition as easy as it could be. Beyond that, once they are organized, I don't see any necessity for us to be doing their legal work.

If they call upon us, I guess they will have to reimburse us.

Mrs. HANSEN. The committee wants to know the amount of funds appropriated for any activity in this bill that are used to support the activities of other agencies.

The committee is not going to appropriate funds to the Department of Interior, Office of the Solicitor, if the funds are going to support some other agency.

Mr. MELICH. To my knowledge we are not assisting any of these agencies or functions that have been transferred to other departments at this time.

BACKLOG OF WORK

Mrs. HANSEN. What is the current backlog of work in your office?

Mr. MELICH. Our Division of Indian Affairs consumes the larger portion of our responsibilities.

Mr. COULTER. Here is a breakdown by subject matter and by document count and by hours.

Mrs. HANSEN. Please insert the document in the record.

(The information follows:)

OFFICE OF THE SOLICITOR

BACKLOG

as of 12/12/70 report

Code	Subject	Document Count	Approx. Hours to Resolve
4180	BIA—Probate, heirship	2,699	3,616.66
3240	Bur. of Mines—Patent application	157	1,579.42
6540	OSM—Patent application	88	757.68
4358	BLM—Mining claims	38	666.52
6123	FWPCA—Grants & loans	13	567.45
3294	Bur. of Mines—Interpretation of regulations	22	540.10
4336	BLM—Land entries, homesteads	62	468.10
4183	BIA—Rights and privileges	74	441.04
6142	FWPCA—Patent licenses	48	418.08
6111	FWPCA—Water pollutionabatement	19	411.73
	Total	3,220	9,466.78 = 5.26 Man-years to resolve

NOTE: The ten workload codes above account for 39% of total backlog.
Hours to resolve all backlog: 23,670.63
Man-years to resolve all backlog: 13.16

Mrs. HANSEN. What proportion of the backlog is Indian cases?

Mr. MELICH. This is broken down in the document count and the approximate hours to resolve.

The first one is BIA—Probate, heirships, 2,699 document count, 3,616 hours. Bureau of Mines, Patent application, 157 document count, approximate hours, 1,579. Others are from Patent application, Mining claims, Grants and loans, Interpretation of regulations of the Bureau of Mines, BLM, land entries, homesteads, BIA—Rights and privileges, FWPCA, Patent licenses and FWPCA, Water pollution abatement.

I would say that we are spending now in our Division of Public Lands a considerable amount of time, more than 50 percent, maybe 60 percent of our time, on problems in connection with the proposed application or applications for proposed pipelines in Alaska and the Alaska Native Claims legislation.

We have also spent a considerable amount of our time in a number of our divisions with respect to preparing litigation reports on cases filed against the Secretary before FWQA was taken from the Department.

And now we have a number of cases filed against the Secretary in which we are preparing litigation reports. I think there has been in the last year a substantial increase in the number of cases that have been filed against the Secretary on various matters.

BACKLOG REPORT

Mr. COULTER. The report the Solicitor just gave is as of December 1970. It hasn't been updated.

INDIAN CIVIL RIGHTS PROJECT COSTS

Mrs. HANSEN. Justify your requested increase of $103,000 for Indian civil rights project.

Mr. MELICH. We have here a schedule which shows the estimated total expenditures for fiscal years 1971, 1972, and 1973. For fiscal 1972, personnel services is $71,617.

Mrs. HANSEN. What does that involve?

Mr. MELICH. The $71,617 is funding for four attorneys and five clerical. The benefits are $5,729 and the supporting costs, travel, rental of equipment, other services, proofreading, printing and publishing costs, $25,500. That is $102,846. That is fiscal 1972.

In fiscal 1973, personnel services, $80,000. That includes funding for four attorneys, five clerical plus incidental part-time student assistance, and $6,400 for benefits.

Mrs. HANSEN. What type of benefits are these?

Mr. COULTER. Those are the personnel benefits, insurance contributions and retirement, that sort of thing.

Mr. MELICH. The $90,000 here is travel, rental of equipment, other services, proofreading, printing and publishing. The major portion is proofreading.

PRINTING COSTS

Mrs. HANSEN. How much have printing costs gone up in the last 5 years? Insert the information in the record.

Mr. COULTER. We will do that. I don't know if we have that.

POSTAGE INCREASE COSTS

Mrs. HANSEN. Also insert in the record at this point what an increase in postal rates will cost your office.

Mr. COULTER. All right.

(The information follows:)

Printing costs have risen approximately 20 percent in the last 5 years, resulting from a 5 to 10 percent increase in the cost of materials and a 10 to 30 percent increase in labor costs (Interior Department, Division of Printing and Publications).

Estimated cost in fiscal year 1972 of the proposed postage rate increase is $3,499.69, which produces a total postage cost estimate for fiscal year of $15,165.34. This is a 30 percent increase over the fiscal year 1971 postage costs figure of $11,655.65.

PRINTING COST ESTIMATES

Mr. MELICH. It is very difficult for us to give very accurate estimates. I think you appreciate what the printing of these volumes will be.

INCREASE IN COST OF SERVICES

Mrs. HANSEN. I appreciate your difficulties.

Many people don't understand the various factors involved in the increase in appropriations of some Federal agencies. Part of this has been caused by a continuing increase in the cost of services that the Department of the Interior provides. Transportation, postal, and printing costs have all increased.

I think it should be the responsibility of every appropriations committee to show to the taxpaying public what the cost increase is in these various activities.

At the same time, as you have indicated, suits filed against the Secretary of the Interior have increased due to several matters such as oil spills, the environment, and water quality. This also involves an increased workload for the Department of the Interior. Legal costs will be ever-escalating to safeguard and protect the public.

Isn't this true?

Mr. MELICH. Sure.

Mrs. HANSEN. For example, since I have been a Member of Congress my correspondence has risen from about 1,000 letters a month to something in the vicinity of 3,000 letters a month. I think this is probably true with every public official in the United States. You don't answer letters, you don't participate in legal suits, and you don't act on behalf of the public without some cost to that public.

Mr. MELICH. That is very true.

Mrs. HANSEN. The public must understand that this is a built-in cost. The six- or ten-cent stamp isn't the whole cost.

SOURCE OF PRINTING

Mr. CLAWSON. Is the printing done by GPO or do you contract for private printing?

Mr. COULTER. This is done by GPO.

Mr. CLAWSON. I am a neophyte member of the committee.

Mrs. HANSEN. We are happy to have Mr. Clawson on the committee.

Mr. CLAWSON. It is GPO?

Mr. COULTER. Yes.
Mr. CLAWSON. That would be at their costs?
Mr. COULTER. Yes.

ESCALATING PUBLIC SERVICE COSTS

Mr. CLAWSON. Madam Chairman, the subject you have just been talking about is the old trade-off principle—for every service we give to the public and the more they demand of us, the greater the cost is going to be to that same public.

Mrs. HANSEN. You are so right, Mr. Clawson. This is why when costs in Government increase I don't think it is fair to say that a particular agency is extravagant. There are built-in costs which Federal agencies must meet.

I know it is very unfashionable to inform the public what the costs are, but I have always felt the public should know exactly what the costs are going to be.

Mr. CLAWSON. I am happy to tell them the costs and also tell them it is their responsibility because they demand that of agencies and departments of Government.

Mrs. HANSEN. That is completely right.

PERMANENT POSITIONS

You have 402 permanent positions authorized for 1971. How many vacancies currently exist?

NONREIMBURSABLE DETAILS

Mr. COULTER. Could I correct a statement I made to you?

Mrs. HANSEN. Lawyers can always correct their statements.

Mr. COULTER. I told you we had no lawyers out on a nonreimbursable basis. We do have one lawyer out on a nonreimbursable basis.

Mrs. HANSEN. Where?

Mr. COULTER. Congress created a commission to study the procurement rules and regulations, and one of our lawyers is an expert in the field of remedies, and they requested his service for a period of 6 months. And we loaned him to them, and about 65 percent of the time he is with that commission.

Now I am advised they are going to ask me to let him stay on for another 3 or 4 months. I did want to correct that. We do have that man.

Mr. MELICH. As I recall, our legislation authorized the Commission to request the service of specialists in the various departments. So this is our contribution to that work.

(Discussion off the record.)

VACANCIES

Mrs. HANSEN. How many vacancies currently exist?

Mr. MELICH. As of March 24, 1971, we have 202 attorneys and 165 clericals for a total of 367 and 35 vacancies.

Mrs. HANSEN. Why do these vacancies exist?

Mr. LATVALA. We are funded for 395.

Mrs. HANSEN. You are authorized for 402 positions, and you are funded for approximately 395?

Mr. MELICH. That is right.

Mrs. HANSEN. How many positions do you have filled?

Mr. MELICH. 367 total.

Mr. COULTER. We have a new program in the Solicitor's Office, Mrs. Hansen, in which we are trying to bring in—I think I indicated this to you last year—graduating attorneys from the law schools to supplement or to fill out vacancy positions. In order to accomplish this program, we have to be able to make commitments in January to bring these people on board in September.

This is to compete, by the way, with the private sector.

So we have to reserve about eight positions every year to accomplish this, and we start reserving these positions in January to do it. So we will be bringing on board, for example, at the end of September in this year seven new young attorneys from the law schools, and that will boost this total up somewhat.

Then the second factor involved here, we have in the Solicitor's Office a normal turnover of personnel, and we don't always fill vacancies immediately.

SHIFTING WORKLOAD

Third, we have been having to take a look at the Solicitor's Office from an overall viewpoint of both the field and Washington because we have experienced in some areas a declining workload.

Mrs. HANSEN. In what areas?

Mr. COULTER. Generally in the Midwest out of our Denver regional office. Reclamation work is down, and we are in the process, Mrs. Hansen, of reviewing this right now.

Mrs. HANSEN. You may want to shift personnel into the areas where your most critical needs exist.

Mr. COULTER. That is exactly right.

Mr. MELICH. We are doing that now.

COAL MINE HEALTH AND SAFETY ACT

Another area that we are not so certain as yet is in our Mine Health and Safety Division. There has been a tremendous amount of work in the enforcement of the Coal Mine Health and Safety Act. You are familiar with that. We have had a lot of publicity on that.

Mrs. HANSEN. How many cases on Mine Health and Safety do you have pending?

Mr. MELICH. We don't have too many cases in court pending, but there are some 10,000 citations that have been sent out for violations under the act. How many of those will be resolved within the bureau and how many will be taken on appeal—if they are on appeal, we will have the responsibility there. I am hopeful most of them will be resolved before they reach the Hearings and Appeal Division.

Mrs. HANSEN. If they aren't resolved, what will happen?

Mr. MELICH. We, of course, will carry them through, and if the workload increases, we may have to increase the number of attorneys

in that Division. But we have hesitated in putting additional attorneys there until we find out the actual workload.

SANTA BARBARA OIL SPILL

Mrs. HANSEN. To what extent are you involved in cases brought about by oil spills?

Mr. MELICH. In the Santa Barbara situation there are a number of cases that were filed against the Secretary.

Mrs. HANSEN. How many?

Mr. MELICH. The Pauley case is being tried before the Court of Claims. That is being completed. The Department of Justice, of course, has handled the litigation there, but we have assisted in preparing the litigation reports and also other information they need.

There is a case pending against the Secretary to enjoin the further issuance of any oil leases or drilling in the channel.

Mrs. HANSEN. Who filed that suit?

Mr. MELICH. The city and county of Santa Barbara and a number of other interested people.

Mrs. HANSEN. Is that against further leasing?

Mr. MELICH. Yes.

Mrs. HANSEN. Have you had any case filed asking you to abrogate some of your leases?

Mr. MELICH. No; just to enjoin them. We have a case pending also against the Secretary for damages that the oil spills caused in Santa Barbara.

Mrs. HANSEN. Who was that filed by?

Mr. MELICH. That was filed by a group of citizens and I believe the city of Santa Barbara is involved in that one.

Mrs. HANSEN. What other cases do you have pending?

Mr. MELICH. We have nothing in the Gulf.

GULF OIL SPILLS

Mrs. HANSEN. You have no cases arising out of problems in the Gulf of Mexico?

Mr. MELICH. Not to my knowledge on any accident or spills that have occurred there. Criminal actions were brought as a result of those spills and the Government collected, as a result of those actions, about $1,300,000 in fines.

Every oil company that was charged pleaded nolle contendere and paid the fine imposed upon them by the Federal court in New Orleans.

Mrs. HANSEN. Do you have any other cases pending?

Mr. MELICH. With respect to oil?

Mrs. HANSEN. Yes.

Mr. MELICH. I believe that is all we have.

Mrs. HANSEN. Have you ever had any problems concerning the shipping from Cook Inlet?

Mr. MELICH. Not to my knowledge.

Mr. COULTER. There are no cases I know of.

PENDING LITIGATION

Mrs. HANSEN. Have you had any cases involving oil tanker spills?

Mr. COULTER. When FWQA was with us, we did have a case. That was down in Puerto Rico. We filed action down there. Here is a list of our pending litigation.

Mrs. HANSEN. Please insert in the record at this point a list of your pending litigations.

Mr. COULTER. These are reports we prepared for the Secretary which list the cases and brief summary of each one.

Mr. MELICH. We prepared this for the Secretary at the time of his confirmation and it is addressed to him from the Solicitor. "Significant litigation involving the Department of the Interior." It is up to January 22. We have had two or three, I suppose, filed since then.

(The information follows:)

(463 A)
IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

Mar. 1971

Memorandum

To: Roy Hughes, Assistant to the Secretary

From: The Solicitor

Subject: Items of possible interest to the Secretary for his appearance before the House Interior and Insular Committee.

The following is a list of cases of some significance and their present status:

1. United States v. Florida Power and Light (U.S.D.C., S.D., Fl-). In this action, the United States seeks to enjoin FP&L from constructing a discharge canal from the Turkey Point Power Plant into Card Sound, and from operating this power plant and canal in a manner which would result in thermal pollution being discharged into Biscayne Bay National Monument or into the navigable waters of the United States. The district court dismissed that portion of the complaint related to protecting the monument because the submerged lands had not yet been acquired by the United States, but sustained that section of the complaint based on the 1899 River and Harbors Act. The court also certified for an interlocutory appeal the question of whether "refuse matter" includes thermal pollution. Presently FP&L has proposed a settlement to the Department of Justice. On March 11, FP&L is expected to present a clarification of its proposals to Justice, EPA, and Interior for consideration. A pre-trial conference is now scheduled for March 25.

2. D.C. Transit v. Russell (U.S.D.C., D.C.). This is an action brought by the local bus and tour companies to set aside the Secretary of the Army's decision to close Arlington Cemetery to vehicular traffic and to void the concession contract between this Department and Landmark Services, by which this Department authorized the concessioner to extend its Mall service to the Cemetery. Plaintiffs' motion for a TRO was denied in December, and their motion for a preliminary injunction was heard on January 14, 1971, and denied.

3. United States v. Imperial Irrigation District (U.S.D.C., S.D., Calif.). A memorandum opinion was issued by the court on January 5, 1971, holding that the land limitation provisions of the Reclamation law do not apply to privately owned lands in the Imperial Irrigation District. The Department has not yet responded to a request from Justice for views on whether the decision should be appealed to the Circuit Court of Appeals.

4. Friends of the Earth, et al. v. Ellis L. Armstrong, Commissioner, Bureau of Reclamation, et al. (Rainbow Bridge National Monument.). This suit attempts to enjoin the United States from filling Glen Canyon Reservoir to a point where it will inundate Rainbow Bridge National Monument. Plaintiffs have been granted until April 15, 1971, to respond to Defendants' motion to dismiss. A hearing on the motion is unlikely before May 1, 1971.

5. Pacific N.W. Power v. Washington Public Power Supply System (High Mountain Sheep). This is a proceeding before the FPC for a license to construct a hydro-electric project in the Middle Snake reach of the Snake River, Idaho. On February 23 the Presiding Examiner filed his initial decision recommending issuance of a license at the Mt. Sheep - Pleasant Valley site, subject to the inclusion of the Middle Snake River in the National Wild and Scenic Rivers System under P.L. 90-542 at any time prior to September 11, 1975, and a moratorium on the commencement of construction prior to that date. The initial decision, so far as it orders the 5 year moratorium for considering inclusion of the Middle Snake in the Wild and Scenic Rivers program, is in accord with Interior's request. The initial decision will be reviewed by the Commission. It is contemplated that Interior will file exceptions to certain of the Examiner's findings.

6. Pyramid Lake Paiute Tribe of Indians v. Hickel, et al., (U.S.D.C., D.C.). Plaintiff requests a declaratory judgment declaring that the Indian tribe is entitled to sufficient water from the Truckee River to maintain Pyramid Lake and a writ of mandamus requiring the Secretary of the Interior to recognize that right and to take action to protect it. Arguments were heard on February 5, 1971, on Defendants' motion to dismiss. The court withheld ruling on the motion pending filing of an amended complaint, which was subsequently filed on February 26, 1971.

In addition to the cases cited above, there are additional areas of concern which may be the subject of inquiry. These subject matters will undoubtedly be reported in detail by the appropriate Assistant Secretary and, accordingly, we have only referred to them in general terms.

1. The California-Nevada Interstate Compact has been adopted by both State Legislatures as a bipartite agreement and now requires Congressional consent to be effective. The Federal interests are to be negotiated with the two States in the near future based upon a Federal position to be determined by the Office of Management and Budget. The recommendation to OMB from this office was that the compact should be a tripartite agreement with the Federal Government as a participant.

2. In the Central Arizona Project, the problem of an appropriate contracting entity or entities within the State has not yet been resolved although it now appears that this matter may be solved by a single entity approach with ad valorum taxing authority.

3. The construction of a desalting plant in cooperation with Orange County, California, has developed to a point where a contract has been executed with Aerojet General for the construction of a VTE-MSF module desalting plant. A contract with Orange County is presently under negotiation.

4. The Department's recently announced grazing fee schedule has become an issue in the West.

5. Applications for sodium leases are presently under study within the Department. We are attempting to determine whether a lease can be drafted which will recognize the rights of the applicants in the sodium deposits which they have discovered while at the same time protect the Government's interests in oil shale found in the same area.

6. The Department is presently evaluating the testimony received at the recent Public Hearings regarding the environmental impact of the proposed Trans-Alaska pipeline, as well as, the comments of other Federal agencies. After we complete that evaluation, we shall prepare a final environmental statement, as required by the National Environmental Policy Act, to assist us in determining whether a pipeline right-of-way permit should be issued and if so, what conditions and safeguards it should contain. The Department is still enjoined by the U.S. District Court from issuing a permit and no permit may be issued until that order is dissolved.

7. Two bills for the determination and settlement of Alaska native claims are presently before the Congress; one introduced by Senator Jackson (S. 35), the other by Senator Harris (S. 635). Hearings were held yesterday on Senator Jackson's bill. The Department has prepared a bill, but it has not yet been cleared by the Office of Management and Budget.

8. The existing concessioner at Mount Rushmore National Memorial has requested the negotiation of a new contract. In accordance with the requirements of the Concessions Policy Act of 1965, a notice was published on October 6 in the Federal Register of the intention of the National Park Service to negotiate the new contract for a 20 year term and requiring a substantial investment in hew facilities. The notice invited proposals by interested parties, but advised that the Mountain Company had performed its obligations satisfactorily and was entitled to a preference to a new contract under the Act. Subsequently, the United Sioux Development Corporation, representing various Sioux Tribes of South Dakota, submitted a proposal that it provide the concession services and facilities at the Memorial. No decision has yet been made with respect to the disposition of the Sioux proposal and the concessioner's proposal for a new contract.

9. An Act (P.L. 91-495), to authorize each of the five civilized tribes of Oklahoma (Choctaw, Chickasaw, Cherokee, Creek and Seminole) to popularly select their principal officer was approved on October 22, 1970. Section 4 of the Act provides that:

> Any principal officer currently holding office at the date of enactment of this Act shall continue to serve for a period not to exceed twelve months or until expiration of his most recent appointment, whichever is shorter, unless an earlier vacancy arises from resignation, disability, or death of the incumbent, in which case the office of principal chief or governor may be filled at the earliest possible date in accordance with section 1 of this Act.

Section 1 of the Act provides that the principal officer shall be popularly selected by the respective tribes in accordance with procedures established by the tribal spokesman or the governing entity, and that such procedures shall be subject to approval by the Secretary of the Interior.

Prior to the approval of this Act, the Seminoles duly elected Terry Walker as their chief for a four-year term expiring in September 1973. While the legislation was pending before Congress, the Attorney General of the Seminole Nation wrote Congressman Edmondson suggesting that since that tribe had already elected its chief, Section 4 should be amended so as not to apply to it during the term that Terry Walker was elected. Congress did not act upon this proposed amendment. After the passage of the Act, the Solicitor's office wrote an opinion on February 24, 1971, in which the Solicitor construed Section 4 of the Act to apply to the Seminole Nation which, of course, would require that tribe under Section 4, to hold another election to select its principal chief.

Mitchell Melich
Solicitor

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

JAN 22 1971

Memorandum

To: Secretary

From: Solicitor /s/ Mitchell Melich

Subject: Significant Litigation involving the Department of the Interior

Attached is a list of cases in which the Department of the Interior is a party with a brief summarization of the issues and the status of the litigation. This summarization represents a selection of cases of some significance and consequently is a small portion of the total litigation involving this Department.

I. Indian Affairs

Attorney Fees

Wilkinson, et al. v. Hickel, Civil No. 3645-69, United States District Court, for the District of Columbia.

Plaintiffs, a firm of attorneys, seek a court order compelling the Secretary to pay them, out of monies held for individual Osage Indians, attorney's fees based on the theory of quantum meruit. Although the plaintiffs had no contracts with the individual Indians, the attorneys claim that their services benefitted the Indians and that they are therefore entitled to a fee. The defendant has filed an answer, his motion to dismiss having been denied.

Claims for Damages Arising Out of Termination Programs

Klamath and Modoc Tribes, etc. v. United States, No. 125-61 and Anderson, et al. v. United States, No. 87-62, United States Court of Claims. These cases were filed respectively in 1961 and 1962 in the Court of Claims to recover additional payment for the Klamath tribal lands taken for the Klamath

National Forest pursuant to the Klamath Termination Act of 1954, as amended, 25 U.S.C. section 564 et seq. The Commissioner of the Court of Claims in 1969 filed his findings and recommended conclusions of law. Argument on these findings and recommended conclusions was set for the October, 1970 term of the Court.

Affiliated Ute Citizens of the State of Utah v. United States, No. 156-69, United States Court of Claims.

Plaintiffs, claiming to be an organization of "mixed blood" Utes who were terminated by the Act of August 27, 1954, 25 U.S.C. section 677 et seq., allege that the termination act and the administration of the act, deprived the mixed bloods of property rights for which they should now be compensated. U. S. will file a motion for summary judgment in January, 1971.

Fishing Rights

United States v. State of Washington, Civil No. 9213, United States District Court for the Western District of Washington.

In September, 1970, this case was filed at the request of this Department to determine and protect the off-reservation treaty fishing rights of Indians in the State of Washington. The litigation is patterned on the successful case brought against the State of Oregon which was decided in 1969. An attorney from the Indian Division has been on detail to the Portland Regional Office since October, 1970, to assist in the preparation of the plaintiff's case, which is hoped will be tried this spring.

United States of America v. State of Minnesota, Civil No. 3-70-228, United States District Court, District of Minnesota, Third Division.

Action to enjoin enforcement of the state laws concerning hunting, fishing, trapping, and wild rice gathering against members of the Leech Lake Band of Chippewa Indians within the confines of the Leech Lake reservation on the ground such enforcement violates implied treaty rights of the Indians. The State recently filed its answer and a counter claim.

Jurisdiction

City of New Town, North Dakota v. United States and Walter J. Hickel, Civil No. 1038, United States District Court, District of North Dakota. This case involves a question of whether the boundary of the Fort Berthold Indian Reservation, North Dakota, was altered, as concluded

by the Solicitor, by the Act of June 10, 1910, 36 Stat. 455, providing for sale and settlement of certain lands within a portion of the reservation. Defendant's motion for summary judgment was heard on January 7, 1970, and a decision on the motion is being awaited.

Persons Entitled to Share in Distribution of Tribal Assets

Jessie Short, et al. v. United States, No. 102-63, United States Court of Claims. Residents of the Hoopa Valley Extension filed this suit in 1963, claiming the right to share in the proceeds from the Hoopa Valley Reservation. Plaintiffs and defendants have filed proposed findings of facts with briefs and objections to the opposition's proposed findings of facts.

Taxation

Stevens v. Commissioner of Internal Revenue, Nos. 26193 and 26281, United States Court of Appeals, Ninth Circuit, This case involves the very important question of whether the non-encumbrance provisions, resulting in tax exemption, of the General Allotment Act of 1887, 24 Stat. 338 apply to lands purchased and taken in trust by the United States for an Indian. The Department takes the position the provisions apply. A conference between the Indian Division and the Tax Division of Department of Justice on this question is scheduled for January 22, 1970.

Tribal Funds

Navajo Tribe of Indians v. United States, Court of Claims, No. 256-69. Plaintiff claims that the United States breached its fiduciary duty to the tribe by imposing statutory limitations on the interest paid to and the investments which can be made with tribal funds and by failing to make timely investments of them. Oral arguments on cross-motions for summary judgment were held on December 2, 1970, and the court has granted, in part, defendant's motion for summary judgment, leaving for trial some facts the court found to be controverted. Judgment was awarded defendant with respect to claims for allegedly late investments.

Cheyenne-Arapho Tribes of Indians v. United States, et al., Nos. 342-70 and 343-70, United States Court of Claims. These cases were filed in October of 1970 by a dozen tribes on behalf of themselves and over 200 tribes which are similarly situated. Unlike the Navajo Tribe suit mentioned above, these suits do not allege that any statute is involved but, rather, that the administration of the funds pursuant to the statutes has been irresponsible. To some extent the practices of this Department are attacked on the grounds of undue delay in making investments; many of the allegations go to practices of the Office of Management and Budget or the Department of the Treasury.

The Department of Justice is opposing the attempt to bring these cases as a class action and has sought an extension of time in which to file an answer. The Bureau of Indian Affairs is preparing a litigation report.

Manchester Band of Pomo Indians, Inc. v. United States, et al., Civil No. C-50276-RFP, United States District Court for the Northern District of California. Plaintiff seeks approximately $7,000 damages for alleged failure to invest or pay proper interest on funds held for the band in the United States Treasury or the Sacramento Area Office. The United States filed an answer in August of 1970 requesting the court to dismiss the suit.

James Jim, et al. v. State of Utah, Civil No. 21-70, United States District Court, District of Utah. The United States has intervened in the litigation to defend the constitutionality of the Act of May 17, 1968, 82 Stat. 121, which is attacked by the plaintiffs. The Act of March 1, 1933, 47 Stat. 1418, added certain lands within the State of Utah to the Navajo Reservation and directed that 37-1/2 percent of any oil and gas royalty produced therefrom be paid to the State of Utah for the benefit of the Indians living in the addition. The 1968 act amended the 1933 act by providing that the monies could be spent for Indians living in an area including, but larger than, the addition. Plaintiffs, residents of the addition, claim the amendment deprives them of property rights. U. S. has filed motion to intervene and a motion to dismiss the complaint.

Water Rights

Pyramid Lake Paiute Tribe of Indians v. Hickel, et al., Civil No. 2506-70, U.S.D.C., District of Columbia. Plaintiff requests a declaratory judgment declaring that the Indian tribe is entitled to sufficient water from the Truckee River to maintain Pyramid Lake and a writ of mandate requiring the Secretary of the Interior to recognize that right and to take action to protect it. An order is also requested to require the Attorney General to bring an action to establish the claimed right. The defendant's motions to dismiss for lack of necessary parties, lack of jurisdiction of necessary parties, lack of subject matter jurisdiction, and failure to state a claim upon which relief can be granted are presently pending.

New Mexico v. Aamodt, Civil No. 6639; New Mexico v. Abbott, Civil No. 7488; New Mexico v. Aragon, Civil No. 8294; New Mexico v. Abeyta, Civil No. 7896; New Mexico v. Arellano, Civil No. 7939, in the United States District Court, District of New Mexico. These five lawsuits, two of which have been consolidated (State v. Abeyta and State v. Arellano), involve the rights of the above named Pueblo Indians to the use of the waters of certain tributaries to the Rio Grande River.

In the suit entitled State v. Aamodt, the State of New Mexico has filed a partial Motion for Summary Judgment and brief in support thereof.

The United States, on January 20, 1970, filed a Memorandum of Points and Authorities in Opposition to the Motion for Summary Judgment. Oral argument on the motion was held on February 2, 1970, before a special master, who has not yet ruled on the motion.

The Pueblo of San Felipe and Pueblo of Santo Domingo filed a motion to intervene in the five suits. The United States and Pueblo De Cochiti and Pueblo of Isleta, as Amicus, both filed briefs in opposition to the motion. The Special Master has informally indicated that he intends to deny the motion to intervene and will sign an order so holding upon its preparation by the Department of Justice.

The United States and the State of New Mexico have entered into a stipulation wherein the United States has agreed to intervene as plaintiff in the cases entitled State v. Abeyta and State v. Arellano (consolidated) for the sole and limited purpose of adjudicating the water rights appurtenant to federal lands within the watersheds of the Rio Grande del Rancho and the Rio Fernando de Taos.

Rincon and La Jolla Bands of Mission Indians v. Escondido Mutual Water Company, et al., Civil No. 69-217-K U.S.D.C. S.D. California. The plaintiffs claim a violation of their rights to water in the San Luis Rey River and damage for trespasses upon their reservations. They seek to prevent the City of Escondido from acquiring the Escondido Mutual Water Company until those questions are resolved. The Secretary of the Interior in aid of these goals has filed a petition with the Federal Power Commission in regard to License No. 176.

The City of Escondido and the Mutual Water Company have responded to the Indians' and the Government's offer of compromise in a manner which may resolve the entire case. In the meantime, an interim operating agreement has been proposed, permitting the City to operate the water company and merge the two water systems.

II. Fish and Wildlife

Citizens Committee for the Columbia River, et al. v. Resor, et al. (D. Ore. 69-498) - Complaint for Declaratory Judgment and Injunction prohibiting construction of extension to Portland International Airport. Last word was that trial on the issues was to commence December 9, 1970.

58-160 O - 71 - pt. 1 --67

Akers, et al. v. U.S. Army, et al. - Suit pending in U.S. District Court in Memphis, Tennessee, attempting to halt channelization of the Obion and Forked Deer Rivers by the U.S. Army Corps. of Engineers. The Court has postpned further action until March 1971, to allow this Department and the Corps. of Engineers to settle the environmental dispute.

The Humane Society of the United States, et al. v. Frederick J. Russell, et al., D.C. #3627-70. Action to prevent opening of Great Swamp Wilderness Area to hunting of deer by public as part of general hunt in New Jersey. The Great Swamp herd was to be thinned for game management reasons that were undisputed. The issue concerned was whether it should be done by a select public hunt or by professional means. A temporary restraining order was obtained December 16, 1970, and a hearing on the merits will be in the near future.

Barbara Home Stewart, et al. v. Stanley S. Resor, et al., D.C. Eastern District of Penn. Civil No. 70-551. Action to prevent Corps. of Engineers from directing dredge and fill operations in Tinicum Marshes and Tinicum Wildlife Preserve in Pennsylvania in connection with Interstate 95. Although this Department was joined as party defendant, we favor the plaintiffs' claims and have been refusing to permit work in the Wildlife Preserve which is owned by us and through which the route is planned. A settlement is under way, we believe.

U.S. ex rel Sierra Club, et al. v. Hickel, et al., Civil No. C70-971, D.C., N.D. Ohio - A challenge to the Secretary's authority to exchange refuge land for better land adjacent to refuge. In reality, an attempt to block construction of an atomic energy plant by Toledo Electric Co. and Ohio Gas And Electric Co.

III. Territories

United States v. The West Indian Company, Ltd., et al., Civil No. 337-1968, United States District Court of the Virgin Islands, Division of St. Thomas and St. John. The U.S. asks the Court to adjudge that defendants' claims to filled lands in Long Bay Harbor, Charlotte Amalie, St. Thomas, V.I., are invalid, and that the U.S. is owner and is entitled to quiet enjoyment and peaceable possession thereof. Justice has sent to attorney for The West Indian Company for review its draft of stipulated facts, and a shhddule for filing documents prior to pretrial hearing.

Major Byers Investment Associates, et al., v. United States, et al., Civil No. 158-1968, U.S.D.C., V. I., Div. of St. Thomas and St. John. Plaintiffs ask quieting title in them to Parcel 5, Estate Thomas [The same Parcel includes fill land involved in U.S. v. The West Indian Company, Ltd., supra] and asks that the Public Surveyor and Recorder of Deeds, both of the V.I., be ordered to do certain administrative acts relating to the Parcel, and documents pertaining to it. Court has granted motion by the U.S. to dismiss it as a defendant for lack of jurisdiction. The case is being monitored since it involves some land which is also in dispute in U.S. v. The West Indian Company, Ltd., supra.

United States, Walter U. Hickel, and Melvin H. Evans v. Ralph Paiewonsky, et al.; The Virgin Islands Port Authority, Intervenor, Civil No. 165-1970, U.S.D.C., V.I., Div. of St. Thomas and St. John, a complaint for declaratory judgment and injunctive relief. U.S. asks that certain acts of the V.I. Legislature which created the V.I. Port Authority be cleared null and void since the Legislature's actions were in excess of its authority and power as set forth in the Revised Organic Act for the Virgin Islands, 48 U.S.C. 1541 et seq., as amended, U. S. seeks a permanent injunction restraining defendants from exercising authority pursuant to the local Acts and that they restore all property, etc., of the Port Authority to the V.I. Government. Status: A proposed motion for summary judgment has been forwarded by Justice to U.S. Attorney, V.I., for review and filing.

Chicago Bridge & Iron Co., Ltd. v. Wheatley, 3d Cir. No. 17, 838, decided July 13, 1970. Petition for writ of certiorari filed in the Supreme Court in November, 1970, by Attorney General, V.I. Although the United States is not a party, the Solicitor General's Office and this Office have assisted the V.I. Attorney General in the matter. The question presented is whether, under the Internal Revenue Code as applied to the Virgin Islands, a Delaware corporation is a "domestic corporation" and is thus entitled to a Western Hemisphere trade corporation deduction. The Virgin Islands District Court, relying upon a local statutes definition of "domestic" ruled that only V.I. corporations, and not mainland corporations like the taxpayer, are entitled to the special deduction allowed by section 922 to Western Hemisphere trade corporations when computing their income tax liability to the V.I. The appellate court found this to be error and reversed.

Norman's on the Waterfront, Inc. v. Wheatley, et al; A. H. Riise Liquor Store, Inc., et al., Intervenors, Civil No. 95-1969, U.S.D.C., V.I., Div. of St. Thomas and St. John. Action for declaratory relief and injunction against enforcement of the V.I. Alcoholic Beverages Fair Trade Law. Antitrust Division, Justice, has filed a brief amicus curiae. Justice concludes that the Fair Trade Liquor Law is invalid and unenforceable. The District Court ruled that plaintiff is entitled to a permanent injunction against the enforcement of the Law since it is invalid under the Sherman Act. Intervenors are liquor dealers who have virtually monopolized the liquor business in the Virgin Islands. Intervening defendants have appealed.

United States v. Standard Oil Company of California, Civil Action No. 52334, U.S.D.C., Northern District of California, filed September 30, 1969. Action under section 4 of the Sherman Act to prevent and restrain the continuing violation of seceion 3 of that Act. The U. S. alleges a combination or conspiracy in restraint of trade, or to monopolize the distribution and sale of petroleum products in the Territory of American Samoa. Information is being furnished Justice on a continuing basis in preparation of its case.

Dolores R. Fitial v. United States, No. 215-68, and 10 similar cases, all pending in the United States Court of Claims and referred to as Micronesian post-secure claims. Plaintiffs, all Micronesians and residents of the Trust Territory of the Pacific Islands, claim a total of $2,512,027.50 and interest as damages from use and occupancy of lands alleged to be in Micronesian ownership during the period from the date a particular island or area was pronounced secured from the enemy during WW II, until the military (or the successor Naval Government or still later Trust Territory Government) ceased its use and occupancy and relinquished the land. A Commissioner's Pretrial Memorandum and Order was filed June 25, 1970. The Commissioner extended to May 1, 1971, or "30 days after Congress refuses to afford...relief..." as contemplated by certain resolutions, time in which plaintiffs, then in default, could comply with his pretrial order pertaining to damages.

IV. Tort Claims

State of California, et al. v. United States, Civil No. 70-284, U.S.D.C., C.D. of California. Action for property damages arising out of the Santa Barbara Channel Oil Blowout on February 18, 1969. Ad Damnum $500,000,000.00.

Maguire, et al v. United States, Civil No. 70-288, U.S.D.C., D.C. of California. Class action of Shoreline property owners for declaratory relief and damages arising out of the Santa Barbara Channel Oil Blowout on February 18, 1969. Ad Damnum $300,000,000.00.

V. Reclamation and Power

United States v. Imperial Irrigation District. This suit is brought by the United States to enforce the land limitation provisions of the reclamation law as to the lands in the Imperial Irrigation District in Southern California. A decision by Assistant Secretary Finney in 1933 ruled these lands to be exempt. Solicitor Barry, by Opinion M-36675 dated December 31, 1964, overruled this decision. The District refused to accept the Barry decision and accordingly this suit was instituted. Trial in the District Court was completed in December, 1970, exeept for filing of briefs.

Bowker v. United States. The Solicitor had ruled, by Opinion M-36635 dated December 26, 1961, that lands of the San Luis state service area, California, were not subject to the land limitation provisions. This suit attempts to reverse that decision. No pretrial has as yet been scheduled.

United States v. Tulare Lake Canal Company (Kings River suit). Suit brought by the United States as a test case to determine if water held by private individuals under state water rights but stored behind a Corps of Engineers dam in California makes the lands subject to the land limitation provisions. Also at issue is whether a lump sum payout of construction charges relieves the lands of these limitations. No trial date has been set.

Two suits brought by Ben Yellen v. United States, in California. The first suit is to determine whether the residency requirements in the Reclamation Act of June 17, 1902, are still a requirement. The second suit is to require the Secretary to regulate power rates for sale of power by the Imperial Irrigation District from their hydroelectric plants on the All American Canal.

United States v. Alpine Land Company. A suit to adjudicate the waters of the Carson River in California and Nevada. No final decree has as yet been entered.

Friends of the Earth v. Walter J. Hickel. This suit attempts to enjoin the United States, acting through the Secretary, from filling Glen Canyon Reservoir to a point where it will inundate Rainbow Bridge National Monument. The answer date is January 22, 1971.

United States v. State of Washington. A suit by the United States to establish the right of the United States to utilize the shhool lands of the State for reclamation purposes pursuant to state law. The District Court ruled that the state law was unconstitutional and the Circuit Court affirmed this decision. No final decision yet on whether the United States will petition for writ of certiorari.

Associated Electric Coop. v. Walter J. Hickel. A suit by the Missouri co-op to enjoin application of an annual increase of $2.6 million in the rate for the sale of Federal power by the Southwestern Power Administration to the co-op. The suit involves at least $80 million in additional Federal revenues over the 30-year remaining term of the power sales contract. The Justice Department has not yet filed its response to the petition.

VI. Mineral Resources

Caroline Bush Emeny, et al. v. United States, No. 317-66, United States Court of Claims. The issue involved is the liability incurred by the United States as a result of its taking the underground storage rights in the Bush Dome reservoir (Cliffside Field) near Amarillo, Texas to store gas from other locations, such gas composed primarily of helium. The case has been heard by a commissioner of the Court of Claims; the plaintiffs have filed their brief; and the Government will file its brief on or before January 14, 1971.

Northern Natural Gas Company, et al., v. Ralph Grounds, Henry Hitch, et al., 292 F. Supp. 619 (D. Kan. 1968). The issue involved is the determination of title to helium sold by the four helium extraction companies to the United States (Bureau of Mines) which purchases the helium under 22-year contracts entered into pursuant to the Helium Act Amendments of 1960 (50 U.S.C. section 167 et seq.). The helium companies and the Government prevailed in the district court. The case was appealed to the Court of Appeals, Tenth Circuit and was argued on December 3 and 4, 1970.

VII. Parks and Recreation

Allen v. Hickel (U.S.D.C., D.C.). This case involves a challenge to the National Park Service policy of allowing the Nativity scene (Creche) to be displayed as part of the Christmas Pageant of Peace. A hearing in February is scheduled on the Government's motion for summary judgment.

Women Strike for Peace v. Hickel (U.S.D.C., D.C.). This case involves a challenge to the National Park Service policy of not allowing structures on park lands unless such structures are included as part of a Government-sponsored event. The district court granted the plaintiff's motion for summary judgment and allowed the plaintiff to erect an anti-Vietnam war display on the Washington Monument grounds between December 20, 1970 and January 3, 1971. The district court decision is being appealed.

A Quaker Action Group v. Hickel (U.S.D.C., D.C.). This case involves the validity of the Department's regulations concerning public gatheringsin in the National Capital Parks, including demonstrations and picketing in the White House area. The district court granted the Government's motion for summary judgment, but refused to lift the 15-day notice requirements of the court of appeal's order. The action of the district court is now on appeal.

Sierra Club v. Hickel (Cert. pending). This case involves a challenge to the Department's decision to allow a three-lane modern highway through Sequoia National Park to serve the recreational development at Mineral King. It also involves a challenge of the authority of the Secretary of Agriculture to provide for this development by a concession contract and land use permit. The court of appeals sustained the exercise of the Government's authority. A petition for certiorari is pending before the Supreme Court on the question of the authority and on the standing issue.

D.C. Transit v. Russell (U.S.D.C., D.C.). This is an action brought by the local bus and tour companies to set aside the Secretary of the Army's decision to close Arlington Cemetery to vehicular traffic and to void the concession contract between this Department and Landmark Services, by which this Department authorized the concessioner to extend its Mall

service to the Cemetery. Plaintiffs' motion for a TRO was denied in December, and their motion for a preliminary injunction will be heard on January 14, 1971.

United States v. Florida Power and Light (U.S.D.C., S.D., Fla). In this action, the United States seeks to enjoin FP&L from constructing a discharge canal from the Turkey Point Power Plant into Card Sound, and from operating this power plant and canal in a manner which would result in thermal pollution being discharged into Biscayne Bay National Monument or into the navigable waters of the United States. The district court dismissed that portion of the complaint related to protecting the monument because the submerged lands had not yet been acquired by the United States, but sustained that section of the complaint based on the 1899 River and Harbors Act. The court also certified for an interlocutory appeal the question of whether "refuse matter" includes thermal pollution. Presently FP&L is proposing a settlement to the Department of Justice. Justice will have the settlement offer by February 1, 1971 and will transmit the settlement offer to this Department and EPA for comment.

VIII. Public Lands

United States v. Louisiana, S. Ct., No. 9, Original. Delineation of the coastline of Louisiana and the offshore boundary between Federal and State jurisdiction. Hearings before the Special Master held in New Orleans in October and November, 1970, for presentation of Louisiana's case; hearings will resume in Washington on January 18, 1971, for presentation of Federal Government's case.

Pauley Petroleum Co. v. United States, Ct. Cls. No. 69-187. Damages claim of $230,000,000 based on alleged taking by U.S. of two OCS leases in Santa Barbara Channel after 1969 Union well blowout. Hearings held in Los Angeles in October and November, 1970, and continued in Washington, D.C. in December, 1970. Hearings will resume in Los Angeles on January 11, 1970.

United States v. Maine, et al., S. Ct. No. 35, Original. Action against East Coast States to quiet title of U.S. to OCS seaward of 3 miles as against States claiming out to 100 miles under Colonial Charters. Second pre-trial conference scheduled for January 8, 1971, in Philadelphia.

United States v. Alaska, S. Ct., No. 286. Action to quiet the title of U. S. to the bed of Tustumena Lake within Kenai Moose Range. Alaska claims the area under its sovereign rights upon reaching statehood; U. S. claims under pre-statehood withdrawal. Ninth Circuit decided in favor of U.S.; Alaska petitioned for writ of certiorari, which was recently denied. Petition for reconsideration to Supreme Court being considered by Alaska.

United States v. Alaska, Civil No. A-45-67, U.S.D.C., Alaska. Action to quiet title of U.S. to submerged lands of Cook Inlet seaward of 24-mile bay closing line; Alaska claims entire Cook Inlet as an historic bay. After numerous continuances (since 1967) case now set for trial in October, 1971.

United States v. California, S. Ct., No. 5, Original. Delineation of the Coastline of California from which the 3-mile offshore boundary is to be measured. Implementation of the 1966 decree to define a point by point coastline in accordance with the decree not yet undertaken by the two governments, but action to this end expected to begin in 1971.

United States v. Buras, et al., Civil No. 4977-A, U.S.D.C., E.D., La. This case is an offshoot of U.S. v. Leiter Minerals which was settled while pending in the Supreme Court. The Buras Heirs claim title to a portion of lands in Delta National Wildlife Refuge (including a 50 per cent mineral interest) now within a prolific oil and gas field. Buras claim based on 1898 State patents. District Court ruled in favor of the defendants. The U. S. is filing an appeal.

County of Santa Barbara, et al. v. Hickel; and Alvin Weingand, et al. v. Hickel. Attempt to enjoin the Secretary from permitting further oil and gas operations on OCS lands in the Santa Barbara Channel. *Petition for certiorari to the United States Supreme Court is pending on whether the District Court abused its discretion in refusing to grant an injunction requiring a public hearing prior to any OCS operations. Motion for preliminary injunction before a three judge district court on the constitutionality of the Outer Continental Shelf Lands Act, whether the Secretary exceeded his authority under the OCS Lands Act in permitting operations in the Santa Barbara Channel, and the failure to comply with NEPA in Santa Barbara Channel Operations. *Certiorari denied January 11, 1971.

Texaco, Inc. v. Hickel, C.A. 5. Texaco asserted claim that its lease to areas offshore Louisiana, granted by Louisiana prior to OCS Act, as confirmed under Sec. 6 of the Act, extended 3 leagues seaward of the coastline established by the 1965 supplemental decree of the Supreme Court in U.S. v. Louisiana. District Court decision for Texaco overruled in C.A. 9. Case awaiting entry of judgment.

Security Pacific National Bank v. United States. Plaintiff claims title to minerals in Santa Barbara Channel based on an alleged Pre-Emption claim made by one Hillman House in 1946. Motion to dismiss overruled and pleadings on the merits have been filed.

Ratner v. Union Oil Co. (U.S. as amicus curaie), No. 25427, C.A. 9. Plaintiff alleges ownership of minerals in Santa Barbara Channel area as covered by OCS leases under prior mining claim locations. U.S. District Court dismissed the suit which is now on appeal.

United States v. Little Lake Misers Land Co., Civil No. 14,588, U.S.D.C., La. United States v. Misers Oil & Gas Co., Civil No. 14,589, U.S.D.C., La. Action to quiet title to minerals in lands acquired for Lacassine Wildlife Refuge. This case will again litigate the issue in U.S. v. Leiter Minerals, i.e., whether subsequently enacted State law can preclude expiration of a 10-year mineral reservation in the deeds to the U.S. Argued in December, 1970, and further briefing called for by the court.

United States v. Oceanographic Mining Systems, U.S.D.C., S.D., Fla. Action to enjoin attempted leasing of OCS areas off Florida and Alabama by private company claiming the area under the mining laws. U. S. obtained preliminary injunction. Case awaiting further briefing and trial.

Standard Oil Company of California v. Hickel, et al. Rental to be paid on lands on a lease partially contracted out of a unit operating plan where the remainder of the lease remains subject to the unit plan. Decision adverse to the Government in the District Court. Recommendation to Justice Department on an appeal is pending.

United States v. Hood & Reed (Indian Hill case). Suit brought by United States to cancel patents and terminate entries of a group of desert land entrymen on grounds that their financial and operational interrelationships are contrary to law and constitute fraud. District Court ruled for defendants. Justice Department is now deciding whether to appeal. We have recommended against appeal.

Native Village of Allakaket v. Hickel., U.S.D.C., D.C. Suit filed by several Alaska Native villages to enjoin Secretary from issuing a right-of-way permit for proposed Trans Alaska pipeline. Villages claim that they "own" some of the land to be traversed. Court issued preliminary injunction with respect to ääèds of one village because it is organized under the Indian Reorganization Act and Secretary cannot issue a right-of-way permit without village's consent. The pipeline companies and the villages are seeking to settle the matter out of court.

Robert Bechtel v. United States, Court of Claims. Congressional reference case involving title to lands along the Lower Colorado River. Legal issue is relative to accretion reliction and reembergence of land. The Commission will hold hearings.

Barney Colson v. Hickel; E. L. Cord v. Hickel. Plaintiffs are seeking redemption of certain Sioux Half-Breed Scrip. Issue is the validity of the scrip. Amount involved is over 1/2 million dollars. Court of Appeals affirmed decision in favor of U.S. in Colson case and Colson is seeking certiorari. Cord case is in U.S.D.C. in Nevada.

Willis W. Ritter v. Hickel. Ritter, a U.S. District Court Judge, brought suit to obtain title to 3 islands in the Snake River in Idaho. His claim is based on the Color of Title Act; he also agrees that his predecessor in interest held valid title; and further that Idaho law as interpreted by the courts prior to 1913 gives him title. Case is in early stages.

Sierra Club et al. v. Hardin et al., Civil No. A-18-70, U.S.D.C., Alaska. This action concerns a contract for the sale of timber in the Tongass National Forest, and the alleged subsequent intention of the United States to issue either a patent or use permit for 1000 acres of land within the Tongass National Forest for the construction and maintenance of manufacturing facilities required by the contract. The issues concern the legality of the contract in light of Chapters 3 and 23 of Title 16, United States Code (1964) and whether or not the issuance of a patent or use permit for 1000 acres of National Forest lands is authorized, standing of the plaintiffs, laches, and a host of lesser questions. The case went to trial November 4, 1970, The decision has not been rendered as of this time.

State of Alaska v. Udall. Action in mandamus by State to compel Secretary to issue patents to State for certain tracts selected by State where patent has been withheld because of protests filed by Natives based on aboriginal title. Also seeks to compel Secretary to give Tentative Approval to State's selection of other tracts where such approval has been withheld for same reason. Issue involves construction of Statehood Act -- whether grants thereunder to State are effective notwithstanding provisions of law protecting Natives in their use and occupancy. District Court ruled for State on motion for summary judgment. Court of Appeals remanded for determination of whether the land in question is vacant and unappropriated public land. Supreme Court denied Certiorari. District Court has held case in abeyance until existing withdrawal ends.

State of Utah v. United States. Original case in U. S. Supreme Court re determination of ownership of the Great Salt Lake. A Special Master has found the Lake to have been navigable at Statehood. Case will now proceed re extent of State ownership.

Wilderness Society v. Hickel. Suit to enjoin Secretary from issuing permits for the Trans Alaska pipeline. District Court has entered a preliminary injunction against granting of the permit without first giving plaintiffs 14 days' notice. Issues are whether Secretary is in compliance with National Environmental Policy Act and whether proposed road and pipeline rights-of-way are authorized by Mineral Leasing Act or other law.

San Juan County (Utah) v. Russell. Suit has just been filed seeking cancellation of a classification decision which classified 1-1/2 million acres of land for retention for multiple use management. Plaintiffs seek classification to permit agricultural development. Issue is whether Secretary abused his discretion and whether he complied with notice requirements of 28 U.S.C. 1412.

In Hickel v. Oil Shale Corporation, No. 25, October Term, 1970 (December 8, 1970), the Supreme Court held that in order to have "maintained" oil shale mining claims under the savings clause of section 37 of the Mineral Leasing Act of 1920 - excepting from the operation of the act valid claims existing on or before the effective date and thereafter maintained in accordance with the mining laws - there must have been substantial compliance with the annual assessment work requirements of the mining law. In reversing, the Supreme Court did not overrule two earlier decisions but held that those decisions must be confined to their facts. On remand to the District Court, all issues relevant to the current validity of earlier contest proceedings will be open, including the availability of judicial review at this time. The Department must determine whether to move now for remand to the Department for further proceedings on some or all of the issues left open, or which may become open, or proceed to a resolution of the legal issues which will be before the lower Courts on remand from the Supreme Court.

IX. Procurement and Patents

Cosmo Construction Company and The First National Bank & Trust Company of Tulsa v. U. S., Court of Claims No. 119-68, filed April 10, 1968. Suit by contractor and assignee bank for delay costs denied by the Board of Appeals for lack of jurisdiction. Plaintiff's motion for summary judgment and defendant's cross-motion for summary judgment both denied by Commissioner but plaintiff's alternative motion that the case be set down for trial was granted. Defendant's request for review of Commissioner's report is pending.

U.S. v. Continental Casualty Company, Civil Action No. 69-C-2534, U.S.D.C., N.D. Illinois. Suit by U. S. to recover excess costs of reprocurement from surety after termination for default of principal's construction contract. Surety defends on basis that a substantial progress payment was made after notice to plaintiff under Miller Act that suppliers and laborers were unpaid, and that circumstances surrounding time of surety's notice constituted adequate grounds for default at that time rather than several months later, which would allegedly have decreased surety's liabilities under payment bond. All affidavits and documents have been furnished to Justice in preparation for motion for summary judgment not yet filed.

General Insurance Company of America v. First National Bank in Albuquerque; TCO, a corporation; Robert Page Smith, Trustee in Bankruptcy, and the United States of America, Ct. Cl. No. 415-69, filed originally as Civil No. 2-427 in the U.S.D.C. N.D. Texas, Amarillo Division, and ordered transferred to the Ct. Cl. on October 14, 1969; petition filed Ct. Cl. Dec., 1969. Whether the Government may set off the amount of an erroneous payment to a contractor, when the Government had notice of an assignment to a bank of all moneys due the contractor, against funds in the hands of the Government under a second contract, when the payment bond surety for the contractor alleges that there are unpaid bills under the second contract; whether the Government may withhold payment because of unpaid contractor's taxes owned by a separate corproation wholly owned by the same stockholders as the contractor corporation; question of the relative priority of U.S. taxes, assignee, and payment surety, against moneys due under the contract; whether the trustee in bankruptyy has a right to the funds if the assignment was made within 4 months of bankruptcy. Answer to be filed by Government.

Great American Insurance Company v. U.S., Court of Claims No. 249-67. Conflicting claims for unpaid progress payment by plaintiff as surety under its rights of subrogation and as an assignee, and by Bank of America, which negotiated and paid the joint venture contractor's check relying on the endorsement of an employee alleged to have no authority to negotiate the check, with subsequent refusal of GAO to authorize payment until judicial determination is made establishing the party entitled. U.S. is a mere stakeholder. Affadavit furnished in contemplation of motion for summary judgment by plaintiff.

Hoel-Steffen Construction Company v. U.S., Court of Claims No. 193-70, filed June 12, 1970. Suit for suspension of work, delays and interruption of plaintiff's performance as a result of the Government's permitting another prime contractor uninhibited access to the work site in the Saint louis Arch at the expense of plaintiff, while at the same time directing plaintiff to proceed in spite of impeded performance. Suit under the Wunderlich Act (41 U.S.C. 321, 322) contesting the adverse decision of the IBCA, and in the alternative, for breach of contract.

Plaintiff's motion for summary judgment likely.

Tyee Construction Company v. U. S., Court of Claims No. 277-70. Suit for standby or delay costs due to defendant's alleged failure to furnish Government-furnished material in the time frame contemplated by the contract, which claim was disallowed by the IBCA. Government's answer recently filed.

Steenberg Construction Company v. U. S., Court of Claims No. 229-67, filed July 10, 1967. Suit for breaches of warranties and contract in the following particulars: whether defendant furnished inadequate plans and specifications, erroneous and misleading topographic, geological evidence of subsurface conditions; whether defendant made improper changes in the nature and extent of the scope of work, and committed numerous and substantial engineering and surveying errors affecting payment quantities; whether defendant wrongfully accelerated the contract and imposed improper inspection upon plaintiff; and whether defendant's Contracting Officer acted arbitrarily and capriciously. Proceedings suspended until claim before IBCA is concluded.

Dayton Fly Ash Company, Inc. v. United States, Ct. Cl. No. 261-69, filed June 3, 1969. Suit by assignee of patentee under 28 U.S.C. 1498 alleging infringing use of plaintiff's patent on method for mine fire control. Issues raised by the answer to theppetition are: prior art disclosure, prior public use, alleged invention derived from work of defendant, defendant's employee is true inventor and not plaintiff's assignors, improper joinder of alleged inventors, patent claims wanting for definiteness, fraud on Patent Office, unenforcibility of patent due to misuse in violation of antitrust and fair trade laws and royalty free license in defendant. Case at issue on pleadings. Pretrial interrogatories and proceedings in process preparatory to trial.

/S/ Mitchell Melich

Solicitor

FISHING RIGHTS

Mrs. HANSEN. I notice in your list a case involving the United States and the State of Washington. You say, "In September 1970, this case was filed at the request of this Department to determine and protect the off-reservations treaty fishing rights of Indians in the State of Washington."

What has happened to this litigation?

Mr. MELICH. That is pending. It was just filed. We had difficulty getting that case filed. We had some differences with the Justice Department.

Mrs. HANSEN. Such as?

Mr. MELICH. There was a question of whether or not it ought to be filed and we prevailed.

(Discussion off the record.)

Mrs. HANSEN. What is the essence of this case? This is a matter of great consequence in Oregon and Washington.

Mr. COULTER. This parallels, Mrs. Hansen, a case entitled United States against Oregon. There have been some difficulties in the State of Washington——

Mrs. HANSEN. That is the understatement of the year.

Mr. COULTER. The two cases concern the State Commission on Game and Fish, because the rights of Indians to utilize under their treaty the normal and accustomed places of fishing, which in many instances lay outside the reservation, have been subjected by the State to certain regulations of the State.

Mrs. HANSEN. Is this largely the Puyallup Indians?

PETITIONS FOR INTERVENTION

Mr. COULTER. One of them is. I was going to indicate to you the status of each case right now. This involves a number of petitions for intervention filed by various Indian groups and those are being ruled upon by the court.

We have not come to trial on the issues yet on this case in Washington but expect to in the near future.

By the way, Mrs. Hansen, once this case gets resolved, we would hope the guidelines that will be established by the court and as it goes up through the Supreme Court will give both the State of Washington and the Federal Government some very definitely needed assistance in determining just where the respective rights lie.

Mrs. HANSEN. This is highly controversial. I think this could be one of the major ingredients to more difficulties in the Indian world than anything else.

Mr. COULTER. Yes. We have in your part of the country, too, by the way, another problem with the Makah Indians and their rights to fish for halibut and salmon in the Sound.

BONNEVILLE AGREEMENT WITH YAKIMAS

Mrs. HANSEN. We have another problem, too. Years ago the Bonneville Power Administration made an agreement with the Yakimas that when they built Bonneville Dam, they would replace their residences, and to date nothing has happened.

Mr. COULTER. I will have to confess I wasn't aware of that problem. (Discussion off the record.)

GLEN CANYON RESERVOIR

Mrs. HANSEN. You also have on your list a case involving *Friends of the Earth* v. *Walter J. Hickel.* What is that about?

Mr. MELICH. That is the one to prevent the Secretary from permitting water to go under Rainbow Natural Bridge. You will recall Lake Powell is now rising and if the waters of the lake exceed a certain limitation—I think it is a 3,600-foot elevation—the waters then of Lake Powell would flow under Rainbow Natural Bridge, and that is an action brought against the Secretary to prevent any waters from going under the bridge.

I should mention Congress has always placed in the appropriation bills a provision that the Secretary shall not expend any funds to build any type of protective device or wall to prevent those waters from going under the bridge.

Mr. CLAWSON. They can't completely cover the bridge at any time even if water rises at the very highest potential, can they?

Mr. MELICH. Very true.

Mr. CLAWSON. There will still be the bridge and people can continue to enjoy it.

WASHINGTON STATE SCHOOL LANDS

Mrs. HANSEN. You also have another case involving the United States and the State of Washington.

You say, "A suit by the United States to establish the right of the United States to utilize the school lands of the State for reclamation purposes pursuant to State law. The district court ruled that the State law was unconstitutional * * *"

What is the status of that case?

Mr. MELICH. On that case, I don't know whether a decision has been made to appeal or not. That is an interesting case. Off the record.

(Discussion off the record.)

Mrs. HANSEN. The school lands were set aside when the State constitution was enacted. Isn't this correct?

Mr. MELICH. That is correct, and by State enactment they permitted the State to give the Bureau of Reclamation the use of these lands without compensation, and this case says that the State had no right to pass that kind of legislation, that those were school lands.

ALASKA PIPELINE

Mrs. HANSEN. How has your office participated in the proposal for TAPS?

Mr. MELICH. The major project in our office on the Alaska pipeline is the preparation of the final 102 statement. We have just completed hearings in Washington, D.C., and in Anchorage, Alaska. The record was closed as of March 22. I was talking to our Associate Solicitor for Public Lands the other day who told me that the record with all of the exhibits and all of the reports that will be part of that record might be some 20,000 to 25,000 pages, and we are required now by

EPA to submit our final statement, the Council on Environmental Quality, for their review.

The Secretary of the Interior is also enjoined from issuing a pipeline permit in Alaska to anyone. He is required under that order, if he should decide to issue the permit, to give the plaintiffs 14 days' notice and, Mrs. Hansen, it is my opinion that we may be involved in rather extensive litigation over this matter.

Mrs. HANSEN. Supposing an oil consortium makes application for the pipeline to go from Prudhoe Bay through Canada. Will your office be involved in this proposal since Federal lands would have to be crossed?

Mr. MELICH. We will be involved very extensively in that, together with the State Department, if any understanding is reached between the two nations.

ALASKA NATIVE CLAIMS

Mrs. HANSEN. After the Native claims are settled is there any possibility that those claims will lie in the route of the pipeline so that you might have problems as to what extent the Natives are reimbursed for traversing their lands?

Mr. MELICH. I forgot to mention it, but there is a case pending in which the Secretary is enjoined from issuing a pipeline permit crossing some Native lands. As I recall, it is the Stevens Village. I believe that is the only village over whose claimed lands the pipeline in the proposed application would cross.

Mrs. HANSEN. Until the settlement of the Native Claims Act, you won't know how many acres of land that cross the pipeline will be claimed. Isn't that correct?

Mr. MELICH. Yes. I don't think that there are many areas where the pipeline would cross where it would affect many of the lands that would go to the villages.

Mrs. HANSEN. It might possibly affect the animal life that sustains some of the Native people. Isn't this correct?

Mr. MELICH. That is one of the arguments that has been put forward.

Mrs. HANSEN. Or on the other hand, if the pipeline goes through Canada, then you have the problem that the Natives will perhaps have no opportunity for work.

Mr. MELICH. That is correct.

ALASKA SEAL KILLS

Mrs. HANSEN. This is no longer under the Department of Interior's jurisdiction, but there is a bill pending to abolish all seal killing. You are well aware of the situation in the Pribilofs that when the habitat is destroyed by the excessive growth of a herd, starvation ensues.

Mr. MELICH. That is a very, very difficult problem because we are faced, as you know, on one hand with preserving the herd at a sustainable number and then we are faced on the other hand——

Mrs. HANSEN. That sustainable number is based upon their habitat?

Mr. MELICH. Yes; on the forage food that is there.

Mrs. HANSEN. So actually it is almost a question of whether they starve to death or whether some are beaten to death. It is not pretty either way.

NEW JERSEY DEER PROBLEM

Mr. MELICH. In this memo we gave you of cases filed against the Secretary, we have this situation in New Jersey on a game preserve where we permitted a number of deer to be planted there. The number now has greatly exceeded the forage that is available to them. The deer are running out on private property, on lawns, and around people's homes, and our Department determined with the Wildlife Department in New Jersey that a number of those deer should be killed and a date was set and a special license was issued by the State of New Jersey. The Humane Society went into court and enjoined the Secretary from going in there and permitting the killing of any of those deer, and they are there now. There are more deer there, at least according to our people, than should be there; and we are enjoined from taking any action.

Mrs. HANSEN. What are you going to do?

Mr. MELICH. The court is either going to have to permit us to do it or I guess the deer will just multiply.

Mrs. HANSEN. Whose liability is it going to be to compensate the owners of private property for the damage caused? I am rather familiar with this because we have deer and elk in my own area that eat up a sizable amount of crops. Who is going to pay for the damage done to the property?

Mr. MELICH. I don't know.

BLACKBIRD PROBLEM

Mrs. HANSEN. You have the same problem with blackbirds. As you know, the Bureau of Sport Fisheries and Wildlife has been trying to limit the size of the destructive flights of the blackbirds that land in the cornfields and in the other grain fields of the entire Midwest and South. I think there is a suit pending against the Department of the Interior by the Sierra Club to curtail the blackbird control program. So you have the question of whether blackbirds should go unlimited. What are you doing in this regard?

JUDICIAL ACTION ON PROBLEMS

Mr. MELICH. First, the courts are going to have to determine some of these questions; and when they are decided judicially, the executive branch of the Government is going to have to, as they say, bite the the bullet and make some tough, hard decisions that are not going to satisfy everyone.

Mrs. HANSEN. How long are you away from a decision?

Mr. MELICH. In the courts?

Mrs. HANSEN. Yes.

Mr. MELICH. I can't answer that.

Mrs. HANSEN. I am just curious because you have the problem of whether funds should be appropriated for the further control of the blackbirds or shall you let them go unlimited and let the people who are losing their crops be able to claim damage.

Mr. MELICH. It is not an easy question to answer.

58-160 O—71—Pt. 1——68

Mrs. HANSEN. I remember when I was a member of the State of Washington Legislature, there was a bill providing that when the elk and deer destroyed private lands, the owner could come before the legislature for reimbursement. This was usually in the supplemental bill. Finally, the Game Department told me they felt that one man in my particular area of the country was encouraging the deer and the elk to come on his land because this is what kept him in business each year. Interestingly enough, the damages paid each year by the legislature were sufficiently high to initiate a State control program.

Mr. MELICH. I am sure that someone is going to file some type of claim in some of these areas against our Department.

POLLUTION CONTROL

Mrs. HANSEN. Do you have any suits pending concerning pollution control?

Mr. MELICH. I believe that most of those dealing with water pollution were transferred over and are being handled by EPA. We are involved in the Florida Power and Light case in which we have had a number of meetings since December, hoping that we can resolve that. Yesterday I received a letter from the Justice Department in which they are submitting a proposal that Florida Power and Light has offered for consideration by our Department and EPA as to whether or not we are willing to accept that proposal so that they can go ahead with the plant and the case would be dismissed. We have under review that proposal right now.

MINERAL RIGHTS

Mrs. HANSEN. How many cases do you have pending in the field of mineral rights?

Mr. MELICH. Well, the Supreme Court just ruled in the Tosco case on the oil shale lands which I think will permit us now to clear the title of any defects with respect to oil shale lands.

Mrs. HANSEN. Please give the committee the details of this case.

Mr. MELICH. The question in the Tosco case was whether or not the Government could attack the location of a mineral claim because of the failure of the locater to do the assessment work, and there were two Supreme Court decisions, the Kruschnic case—I forget how you spell that—and I forget the name of the other case.

Mr. BROWN. Virginia-Colorado Development Co.

Mr. MELICH. In which the Supreme Court back in the early 1930's ruled that the Government didn't have the right to attack whether or not the locater had done the assessment work, and this recent decision, the Tosco case, of the Supreme Court on that one point reverses those two other cases.

Now, that is significant because many of these people who own these claims now acquired them from someone who had located them and many of the locaters or the successors, predecessors in interest, in our opinion failed to do the assessment work, and the burden will be upon the owner of the claim to prove that he did the assessment work.

Mrs. HANSEN. What do you mean by assessment work?

Mr. MELICH. They were required to do $100 of work on each claim each year, by Federal law.

Mrs. HANSEN. Do you have any litigation pending concerning the land and water conservation fund?

Mr. MELICH. I don't think so.

Mrs. HANSEN. Do you have any cases pending on pesticides?

Mr. MELICH. That is over at EPA now. We don't have anything there.

COAL RESEARCH

Mrs. HANSEN. When the Office of Coal Research testified it came to the committee's attention that they were requesting funds for three projects in which they would meet two-thirds of the cost, providing there was one-third from a private source. In one case about $18.5 million had been invested by the Federal Government to develop a certain process. Now a private company with approximately a $1 million investment would be allowed to participate in this project.

PROPRIETARY RIGHTS

The question arose, "does that entitle the company to proprietary rights?" This project happens to be dealing with gasification. Heretofore coal research projects were not funded on this basis. It is conceivable that for a small investment a private company or industry could be entitled to proprietary rights to what normally should be public information. So you are in a rather gray area. I think before the committee makes any decisions we would like to have the solicitor's opinion.

MATCHING FUND REQUIREMENTS

Mr. WILES. Madam Chairman, may I say something here?

Mrs. HANSEN. Yes.

Mr. WILES. You are correct, this is the first time where there was a requirement of matching. The coal research has received some funds from outside but they were not required.

Mrs. HANSEN. That is right. There was nothing in a particular contract that implied that a private company might have proprietary rights.

Mr. WILES. That is correct, Madam Chairman.

Mr. MELICH. Mr. Coulter would like to make a comment on what our policy has been in a similar area.

TITLE TO PATENTS

Mr. COULTER. The policy in similar areas on the situation that you describe, Mrs. Hansen, has been that the information developed as a result of that activity is available to everybody. And that title to the patents developed as a course of that work vests in the Government and the Government takes title to those patents.

Mrs. HANSEN. That is right, but you have different ingredients in this situation. What is the determination of who owns what as the result of the two-way compulsory participation? This is the problem.

Mr. MELICH. Well, I would say this: that if that becomes the policy the Congress decides to adopt——

Mrs. HANSEN. This is why this is very important. I think the committee feels that we don't want to appropriate the funds until we have an advisory opinion.

This is similar to the Trans-Alaska Pipeline problems. We were not going to appropriate funds until guidelines had been established.

Mr. Wyatt and Mr. McDade were here, I think, through the discussion with the Office of Coal Research.

Mr. WYATT. Yes.

Mrs. HANSEN. The committee feels that this is a decision that must be made on the advice of the Solicitor. We should have some kind of opinion not only for the committee but for the taxpayers of the United States.

SALINE WATER TITLE PROBLEMS

Mr. COULTER. We have had a similar situation, Mrs. Hansen, with respect to the saline water program, of course.

Mrs. HANSEN. This is right.

Mr. COULTER. Where we have joined efforts by the Government and by private or groups or private corporations.

Mrs. HANSEN. However, it was stated that the private power groups would participate and the agreements were made with the Secretary of the Interior. The agreements were not made with the Appropriations Committee.

Mr. COULTER. No; that was a proposed Bolsa Island project, if I recall correctly.

Mrs. HANSEN. Yes.

Mr. COULTER. With regard to the saline water program, of course, Congress wrote into that act some specifications with regard to title in early 1960, when President Kennedy issued an Executive order on this which has subsequently been followed by all administrations regarding the public availability of information developed as a result of this type of contracting, and of course we do take title to the foreground patents generally.

Mrs. HANSEN. This is right. The question is raised now because many oil companies and many coal companies are in the position of being able to participate in governmental research projects. If you want prices to escalate one of the easiest ways is to give proprietary rights to a private industry. It doesn't take too much imagination to foresee what the consequences could be.

The committee is not saying that this is right or wrong. But we don't want to imply that a private company is entitled to proprietary rights. I can see if you do this with three projects this time perhaps you will have 10 projects the next time. So please insert in the record the Solicitor's opinion.

(The opinion follows:)

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SOLICITOR,
Washington, D.C., March 30, 1971.

Hon. JULIA B. HANSEN,
House of Representatives,
Washington, D.C.

DEAR MRS. HANSEN: The question of rights to inventions and data arising out of research with the Office of Coal Research of the Department of the Interior, in cases where industry contributes a significant share of the funding, was raised at a hearing before the appropriations subcommittee. So far as OCR is concerned, this is a novel problem. However, its solution does not pose any unusual difficulties.

Under Sec. 6 of the Office of Coal Research Act, 30 U.S.C. 666, all information, uses, products, processes, patents and other developments resulting from research under the Act must be made available to the general public. This has been interpreted by the Department of the Interior to mean available to the public free of any royalty payments.

However, when industry provides a significant portion of the funding it wishes to be assured of some proprietary rights in the results, reflecting its contributions. This is not regarded as an unreasonable position under the circumstances. Our view has been that consistent with the Act, industry can be granted rights in proportion to its share of the funding. Thus, if industry contributes one third and the Government's total contribution is two thirds, industry can be granted title to any foreground inventions made and be required to license such inventions at a one third royalty rate. The Government's two thirds share toward the making of the invention would thus be available to the public royalty free. Information and data developed would not be proprietary to the contractor but would be published in a final report when the research is terminated, or sooner.

In summary, the Department's policy is to require compulsory licensing of inventions made under such R&D contracts, with the royalty rate reduced to reflect the Government's contribution, and with all data and information developed under the contract available free of charge to the public.

I trust this answers the questions you have on this subject. Please do not hesitate to call on us for any further information on this matter.

Sincerely yours,

MITCHELL MELICH,
Solicitor.

SENECA LETTER

Mrs. HANSEN. I have a letter from the firm of Hogan & Hartson. It says:

Last October, Fred Turner of the leading Buffalo, N.Y. firm of Brown, Kelly & Turner requested our assistance in obtaining a copy of an agency agreement entered into between the Seneca Nation of Indians, First Seneca Corp., and the U.S. Pillar Corp., and others. The First Seneca Corp., apparently regards this agreement as its authority for acting on behalf of the Seneca Nation. We are anxious to obtain a copy of the agreement to see whether First Seneca Corp. actually has the authority which they purport to exercise on behalf of the Seneca Nation.

The agency agreement involves the expenditure of public funds authorized pursuant to Public Law 88–533 which appropriated certain funds to the Seneca Nation apparently in return for use of their land in constructing the Kinzua Dam. The statute required that the agreement be approved by the Secretary of the Interior. A copy of the agreement is on file at Interior. We wrote to Interior last October requesting a copy of the agreement pursuant to the Freedom of Information Act. After an awful go-around of delays the Bureau of Indian Affairs declined our request on February 11, 1971, claiming exemption from the Freedom of Information Act, claiming that the agreement contains trade secrets and commercial or financial information obtained from a person which is privileged or confidential.

It is our position that there is nothing privileged or confidential about Interior's approval of an agreement under which First Seneca Corp., purports to be authorized to commit public funds. We believe that a fair and impartial hearing would arrive at just this conclusion.

Interior regulations afford us an appeal to the Solicitor of the Department of the Interior. However, we feel that without congressional assistance such an appeal would not afford a fair hearing.

This is for two reasons. First, the Solicitor in fact made the initial decision and would be reviewing his own action. Our correspondence and telephone conversations with Interior made clear that the original decision was made by the Solicitor of the Department and not by the Bureau of Indian Affairs.

Second, the Solicitor's decision was made in accordance with the wishes of Mr. Arthur Lazarus, the attorney for the Seneca Nation. Although Interior refuses to give us a copy of the public document, they have been turning over our correspondence without our authorization to Mr. Lazarus. We have requested an explanation of this practice in writing but have not received one. Interior has thus in effect taken the position of our adversary rather than that of an impartial judge. The notion of appeal to our adversary is meaningless.

May we have your comments?

SOLICITOR'S COMMENTS

Mr. MELICH. I think I will let Mr. Coulter comment on that because I think my views on the Freedom of Information Act are quite well known in the Interior Department.

Has any case that has been appealed to me personally been refused the information that was requested? I will let Mr. Coulter comment.

Mr. COULTER. I can see why the Solicitor does. We have had a number of these appealed to him and we have ruled on almost every occasion that this information should be released. Now, in this context, Mrs. Hansen, I don't know about the *Seneca* case, but he reviews each one from the facts of the situation so that naturally I could not predict how he would rule here, but our position in Interior, in the Solicitor's Office, and the position of the Solicitor himself particularly, has been that the Freedom of Information Act means exactly what it says—freedom of information—and that the exceptions contained in that act are to be construed narrowly because the main purpose of the act is to open the books up.

Second, the President has announced an open policy in this administration and we try to follow that. This has been the Solictor's position and has been the basis for several rulings, which we can supply to you, by the way, in connection with the Freedom of Information Act.

(The rulings follow:)

NOVEMBER 17, 1969.

APPEALS OF FREEPORT SULPHUR COMPANY AND TEXAS GULF SULPHUR COMPANY
AVAILABILITY OF INFORMATION

ADMINISTRATIVE PROCEDURE ACT, PUBLIC INFORMATION

After the opening of bids for sulphur leases on offshore tracts, the withholding under 5 U.S.C., Section 552(b), (4), (5), or (9) of estimates of the value of the tracts made by the Government and used by it in acting upon the bids received is not warranted since such estimates are the result of Government evaluations based upon a variety of factors and do not reveal confidential information consisting of geological and geophysical informatin and data cncerning wells furnished by lessees of the Government.

U.S. Department of the Interior,
Office of the Solicitor,
Washington, D.C., November 1968.

Appeals of Freeport Sulphur Company and Texas Gulf Sulphur Company
Availability of Information

The Acting Director of the Bureau of Land Management announced in the Federal Register of January 22, 1969 (34 F.R. 944) that until 9:30 a.m. on May 13, 1969, sealed bids would be received for the lease of sulphur in certain areas of the Outer Continental Shelf adjacent to the State of Louisiana. The tracts offered for bid were identified by tract number and block. One hundred and twenty tracts covering an area of over 163,000 acres were offered for bid. This area included 60,000 acres nominated by the industry following a call for nominations issued by the Department in July 1968. The notice stated that bids would be considered on the basis of the highest cash bonus offered for a tract and reserved the right to reject any and all bids, regardless of the amount offered. Bids were received from companies on 38 tracts. Only 5 tracts received more than one bid.

On May 14, 1969, the Manager of the New Orleans Office, Bureau of Land Management, advised Freeport Sulphur Company by letter that its bids on tracts 219–S, 220–S, and 223–S were rejected for inadequacy of the total cash bonus offered. On the same day the Manager advised the Texas Gulf Sulphur Company by letter that its bids on 21 tracts were rejected for the same reason. The tracts were identified on an attached list as follows:

> Tracts 125–S, 131–S, 132–S, 134–S, 135–S, 159–S, 169–S, 170–S, 174–S, 175–S, 176–S, 184–S, 185–S, 186–S, 187–S, 190–S, 191–S, 193–S, 194–S, 195–, and 196–S.

Both companies were advised of their right to appeal to the Director, Bureau of Land Management, in accordance with the regulations in 43 CFR, Part 1842, as amended, and both companies gave notice of appeal.

By letter of June 23, 1969, to the Director, Bureau of Land Management, Freeport applied "to inspect and copy the document or documents which set forth the Department's appraisals, evaluations or determination of minimum acceptable bonuses, for the tracts offered for leasing in the January 22, 1969 notice in the Federal Register." By letter of June 30, 1969, to the Director, Bureau of Land Management, Texas Gulf Sulphur made a similar request.

In a letter dated July 2, 1969, the Acting Director of the Bureau of Land Management denied the request made by Freeport Sulphur. The Acting Director said, in part:

"It is our view that the information you are seeking is properly withheld from public disclosure because it takes into account, among other component factors, analysis and appraisal of proprietary data supplied the Government for confidential use by lessees for various minerals on the Outer Continental Shelf lands and similar proprietary data on such lands assembled by the Government itself. Such information is exempt from disclosure within the purview of subsections (4), (5) and (9) of section 552(b), Title 5, United States Code (Supp. IV, 1968).

"Further, because the appraisal data relate to all of the tracts which were offered, including those for which your high bids were not accepted, and these tracts may again be offered at competitive sale at a future date, it would be inimical to the public interest to divulge any of the data at the present time. Within the mandate of the Outer Continental Shelf Lands Act, we endeavor to assure a free competitive environment in every offering of sulphur leases by sale."

In a letter of July 3, 1969, the Associate Director of the Bureau of Land Management, on identical grounds, denied the request made by Texas Gulf.

Thereafter, pursuant to 43 CFR 2.2, Freeport and Texas Gulf each appealed to the Solicitor.

Before the sale, the Bureau of Land Management and the Geological Survey made an evaluation of the tracts to be offered and arrived at estimates of the value of the resources offered for leasing. I understand that the estimates of value were not set out in a single document but appear with other data and maps relating to the tracts which were compiled in connection with the sale. The resource value estimates were available to, and were used by, the Manager of the New Orleans Office of the Bureau of Land Management in acting upon

the bids received. These estimates are the information which Freeport and Texas Gulf seek.

Under 5 U.S.C. § 552, popularly known as the Public Information Act—

"* * * each agency, on request for identifiable records made in accordance with published rules * * * shall make the records promptly available to any person * * *"

unless the records fall within one of the exemptions stated in subsection (b) of that section.

In my opinion, the resource value estimates should be made available to Freeport and Texas Gulf, and to any others who wish to see them, because it appears to me that the withholding of the information would not be warranted under any of the exemptions (stated in subsection (b) of 5 U.S.C. § 552) upon which the Bureau of Land Management relied—that is, the fourth, fifth, and ninth exemptions.

The fourth and ninth exceptions referred to above read as follows:

"(4) trade secrets and commercial or financial information obtained from a person and privileged or confidential;

"(9) geological and geophysical information and data, including maps, concerning wells."

It is my understanding that in formulating the resource value estimates, the Bureau of Land Management and the Geological Survey made use of confidential information obtained from Government lessees. This information comprised geological and geophysical information and data concerning wells. However, the estimated values attributed to the various tracts were not obtained from persons outside the Government; they were made by employees of the Government. Nor can the resource value estimates be characterized as geological or geophysical information or data concerning wells. The resource value estimates are not geological evaluations. A number of factors—economic as well as geologic—were taken into account in arriving at those estimates. Therefore, in my judgment, the resource value estimates come neither within the fourth not within the ninth exemption.

The fifth exemption reads as follows:

"(5) inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency;"

The resource value estimates involved in this appeal seem to me to be important parts of papers which were prepared in connection with the sale and which fall within the category of intra-agency memorandums. The estimates are the results of the evaluations made by personnel of the Geological Survey and the Bureau of Land Management and are the opinions arrived at by the two bureaus as to the value of the various tracts. However, the resource value estimates were used by the Manager of the New Orleans Office of the Bureau of Land Management as the principal criteria for the acceptance or rejection of this. Because the bids were compared against the estimates, the specific estimates constituted a basis or an element of the Manager's decision with respect to particular bids. In the circumstances, I am of the opinion that the estimates of value placed on tracts on which bids were received could be obtained by a party in litigation with the Department and that these estimates may not be withheld under the fifth exemption. (See *American Mail Line, Ltd.* v. *Gulick*, 411 Fed. 2d 696 (D.C. Cir. 1969)). As to the estimates of value of tracts on which no bids were received, I am not persuaded that a sound ground exists, within the meaning of 43 CFR 2.2 (a), for invoking the fifth exemption. The purpose of the Public Information Act is to provide members of the public maximum access to government records and the exemptions contained therein are to be viewed and utilized within the framework of that basic purpose. Accordingly, to withhold information from public dissemination on any of the enumerated exceptions it must be clearly and positively demonstrated that a release of any given information purportedly falling within one of more exemptions would be inimical to the public interest.

Therefore, I determine that the resource value estimates which were before the Manager of the New Orleans Office of the Bureau of Land Management in connection with the sale which gave rise to this appeal should be made available to the appellants and to the public. To implement this decision the Bureau of Land Management should prepare a document which identifies the tracts that were offered for lease together with the estimates of value attributed to each tract and place this document on open file.

MITCHELL MELICH,
Solicitor.

SENECA QUESTION

Mr. COULTER. In this particular instance, Mrs. Hansen, I am sure he isn't aware and I am not aware of this problem of the Seneca.

Mrs. HANSEN. I was not aware of this situation until I received this letter.

Mr. COULTER. It certainly could be that some of our attorneys down the line have given some advice to the Bureau of Indian Affairs on this matter.

Mrs. HANSEN. Please check on this entire matter.

Mr. COULTER. Be happy to do so.

PROPRIETARY RIGHTS

Mrs. HANSEN. Is there some reason why this would involve proprietary rights?

Mr. COULTER. If it is proprietary data, we have a problem. There is no question about that. But, Mrs. Hansen, I would say to you in responding to that letter that you can assure them that the Solicitor, when this is appealed to him, does give a fair and impartial hearing and we listen to all sides. I think the record bears this out on the other problems that he has had before.

Mrs. HANSEN. I am sure it does, and this is the reason I brought it up in an open hearing, because it involved something that I felt should be discussed on the record. If you have some legal reasons for withholding information because of proprietary interests of the Seneca, that is fine.

Mr. COULTER. Do you want us to respond informally to you or a formal communication to you?

Mrs. HANSEN. A formal communication so we can insert the answer in the record. If something is asked on the record I think it is fair to the people, to the Department, that it be answered on the record.

Mr. COULTER. Be happy to do so.

(The following letter was received by the committee:)

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SOLICITOR,
Washington, D.C., March 26, 1971.

Hon. JULIA BUTLER HANSEN,
House of Representatives,
Washington, D.C.

DEAR MRS. HANSEN: At the recent budget hearing held by your Sub-Committee you asked us to look into a question raised regarding the application of the Freedom of Information Act to a contractual agreement entered into by the Seneca Nation of Indians and to submit to you a formal letter embodying our conclusions on this question.

After preliminary investigating of this matter, it has become apparent that the resolution of this question will have far reaching effects upon the trust relationship of the Secretary of the Interior to Indians. In a great number of instances the Secretary is required to review agreements, contracts and similar documents executed between Indian organizations and Indian tribes and other parties. The Secretary's authority in these instances is generally limited to approval or disapproval.

A decision on this particular case which you have brought to our attention could materially affect this function. Consequently, it will be necessary for us to conduct an indepth analysis of this question in order to prepare an appropriate

legal opinion. This will require more time than we had originally anticipated, however, we will assure you that we will proceed as expeditiously as possible.

Sincerely yours,

RAYMOND C. COULTER,
Deputy Solicitor.

Mrs. HANSEN. Thank you. Mr. McDade?

Mr. MCDADE. Madam Chairman, you have covered the subject in some detail with the usual expertise. No questions.

Mrs. HANSEN. Mr. Wyatt.

Mr. WYATT. Madam Chairman, I would like to second that motion and thank Mr. Melich and Mr. Coulter and his group for a very, very excellent statement and performance today.

Mr. MELICH. Thank you.

CONTRACT COMPLIANCE

Mr. COULTER. If I may, Mrs. Hansen—this is just by way of information for you—we are expecting an increased workload in the field of contract compliance; that is, with the Civil Rights Act, and with the assignment that has been given to the Department of the Interior with regard to contract compliance problems, I am sure the Solicitor's Office is going to be requested to provide quite a bit of support in this fiscal year. This isn't included in our budget at the present time because it came up after we prepared this; we may have some additional expenditures, and probably in fiscal 1973 we will have some more.

MINORITY EMPLOYMENT

Mrs. HANSEN. How many Indians and women do you have employed in your legal department?

Mr. COULTED. Be very happy to supply that for the record.

Mr. WYATT. And how many Norwegians?

Mr. COULTER. Norwegians I can't tell you. Mrs. Hansen, we have been trying to conduct a program to get Indian people into an involvement with the affairs of the Department.

(Discussion off the record.)

Mrs. HANSEN. Mr. Melich, I want to express the committee's appreciation to you for a very good presentation.

Mr. COULTER. Would you like these figures, Mrs. Hansen?

Mr. HANSEN. Please insert the information in the record.

(The information follows:)

WOMEN ATTORNEYS AS OF MARCH 22, 1971

Washington, D.C.: Blair, Isabel L., GS–14; Redd, Lucy, GS–13; Mullarkey, Mary, GS–12; Ayer, M. Frances M., GS–13.
Sacramento, Calif.: Singer, Rita, GS–14.
Muskogee, Okla.: Adair, Helen A., GS–12; Hastings, Betty, GS–12.
Portland, Oreg.: Lowman, Jean, GS–12.
Minneapolis, Minn.: Shulstad, Mariana, GS–12.
Salt Lake City, Utah: Lewis, Eleanor, GS–11.
Number of women attorneys: 10 out of total 199 equals 5.02 percent.

OFFICE OF THE SOLICITOR

MINORITY GROUP EMPLOYMENT

Group	D.C. professional	D.C. non-professional	Field professional	Field non-professional	Total
Negro	3	21	0	2	26
Spanish American	0	0	1	3	4
American Indian	1	1	3	2	7
Oriental	0	0	0	2	2
Total	4	22	4	9	39

Percentages of minority employment against total employment:	*Percent*
Negro	7.14
Spanish American	1.09
American Indian	1.92
Oriental	.54
Total	10.69

EMPLOYMENT OF WOMEN ATTORNEYS

Mr. MELICH. We have 10 women attorneys in the Solicitor's Office.

Mrs. HANSEN. That is great.

MINORITY EMPLOYMENT

Mr. COULTER. We have a total of seven Indian people on our rolls, a total of 26 Negro people, four Spanish Americans, and two orientals, and this is broken down by percentages.

On the women, Mrs. Hansen, as I recall, we have two at the GS–14 level and the rest are between 12's and 13's, maybe one 11. In the Solicitor's program these new students that we have hired for the forthcoming year—there are included one University of New Mexico Law School student who is an Indian and one young lady from the University of Oregon. I had some prejudice there, Mrs. Hansen, with regard to the University of Oregon, as I am sure the Congressman does. I think we have a pretty well rounded office.

INDIAN LAW SCHOOL STUDENTS

Now, one of the problems, Mrs. Hansen, with the Indian law school students as far as incorporating them into the Solicitor's Office is, as I recall the figure, there are 72 Indian people in all the law schools in the United States. That is all there are.

CLOSING REMARKS

Mrs. HANSEN. Mr. Melich, again may I express the committee's appreciation for a very good presentation. Mr. Coulter, it is always a pleasure to have you before us.

Mr. COULTER. Thank you.

Mr. MELICH. Thank you.

BUDGET AMENDMENTS

Mrs. HANSEN. The committee has just received several amendments to the Department of the Interior budget for 1972, all of which are contained in House Document No. 92–93. The offices affected are: Bureau of Land Management, Office of Territories, and the Bureau of Mines. We shall insert in the record the justification material for these amendments:

(The material follows:)

BUREAU OF LAND MANAGEMENT

Heading	Request Pending	Proposed Amendment	Revised Request
Management of lands and resources.....	$72,970,000	$350,000	$73,320,000

JUSTIFICATION

2. Resource Management, Conservation and Protection

Fiscal year 1972 request pending, $46,318,000; revised request, $46,668,000; proposed amendment, $350,000. The increase consists of:

Explanation	Increase (+) or Decrease (-) Amount	Positions	Total Program Amount	Positions
To provide for administration of the Western Oregon timber sale program at an increased rate over that assumed in the 1972 President's Budget.....	$350,000	25	$5,120,000	336

Cost Factors Involved in the Increase: Salary and benefits for 25 permanent positions (22 man years) at an average annual rate of $10,227, $225,000; per diem, travel and transportation of things associated with field work and change of headquarters at $3,000 per employee, $75,000; other services including computer time, $20,000; supplies, materials, equipment, communication, and utilities at $1,200 per employee, $30,000.

Need for Amendment: Last June 19, the President announced his objectives "... to improve the level and quality of management of forest lands.....in order to permit increased harvest of softwood timber consistent with sustained yield, environmental quality, and multiple use objectives." As one step toward meeting these objectives, the Bureau's 1972 budget provides for implementation of intensified forest management and development programs on the high value Western Oregon forest lands. The Budget reflects accomplishment of these objectives with no increase in regularly appropriated funds, but with a reduction of 151 million board feet in timber sale offerings over that estimated to be offered in FY 1971. This reduction reflected a combination of factors including a decrease of 48 million board feet associated with new environmental protection practices and a reduction resulting from the data derived in the recently completed Western Oregon inventory, partially offset by accelerated growth due to new intensified practices.

As a second step toward meeting the President's objectives, Secretary Morton has announced a decision to increase by 103 million board feet the volume of timber to be offered in Western Oregon in 1972. This decision reflects a flexible sustained yield allowable cut program for the next decade, and recognizes that offerings below the new allowable cut level will be made in some years to offset exceeding the allowable cut in other years. The decision also will help meet immediate demands for timber while providing the Bureau with additional time to complete and evaluate further studies of forest productivity and economic impacts prior to any significant reduction in the sale offerings. Under the revised program announced by the Secretary, 1,275 million board feet will be offered in 1972 or 48 million board feet below that estimated for FY 1971. This amendment will provide $350,000 and 25 new permanent positions to implement the increased timber sale program without detriment to the intensified management program reflected in the initial budget request.

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Management of Lands and Resources
Program and Financing
(in thousands of dollars)

Identification code	19 72 XXXXX	19 72 XXXXXXX	19 72 XXXXX
	Request Pending	Proposed Amendment	Revised Request
Program by Activities:			
2. Resource management, conservation and protection	46,318	350	46,668
All other activities	26,652	---	26,652
Total program costs, obligations	72,970	350	73,320
Financing:			
Budget authority	72,970	350	73,320
Budget Authority:			
Appropriation	72,970	350	73,320
Relation of Obligations to Outlays:			
Obligations incurred, net	72,970	350	73,320
Obligated balance, start of year	837	---	837
Obligated balance, end of year	-1,831	-10	-1,841
Outlays, excluding pay increase supplemental	71,874	340	72,214
Outlays from civilian pay act supplemental	102	---	102

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Management of Lands and Resources

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 10-04-1109-1-1-402	1972 xxxxx	1972 xxxxx	1972 xxxxx
	Request Pending	Proposed Amendment	Revised Request
Personnel compensation:			
11.1 Permanent positions	35,731	207	35,938
11.3 Positions other than permanent	5,175	---	5,175
11.5 Other personnel compensation	1,046	---	1,046
11.8 Special personal services payments	2,959	---	2,959
Total personnel compensation	44,911	207	45,118
Personnel benefits:			
12.1 Civilian	4,358	18	4,376
[illegible]			
21.0 Travel and transportation of persons	3,796	60	3,856
22.0 Transportation of things	2,623	15	2,638
23.0 Rent, communications, and utilities	2,593	10	2,603
24.0 Printing and reproduction	413	---	413
25.0 Other services	8,849	20	8,869
26.0 Supplies and materials	3,936	10	3,946
31.0 Equipment	1,524	10	1,534
[illegible]			
[illegible]			
[illegible]			
42.0 Insurance claims and indemnities	17	---	17
[illegible]			
[illegible] Subtotal	73,020	350	73,370
95.0 Quarters and subsistence charges	- 50	---	- 50
99.0 Total obligations	72,970	350	73,320

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Management of Lands and Resources
Personnel Summary

Identification code 10-04-1109-1-1-402	19 72 XXXXX Request Pending	19 72 XXXXX Proposed Amendment	19 72 XXXXX Revised Request
Total number of permanent positions....	3,275	25	3,300
Full-time equivalent of other positions.....	1,114	--	1,114
Average number of all employees.....	4,269	22	4,291
Average GS Grade.....	8.9	--	8.9
Average GS Salary.....	$11,637	--	$11,637
Average salary of ungraded positions...	9,048	--	$ 9,048

58-160 O - 71 - pt. 1 --69

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Consolidated schedule of permanent positions
paid from funds available to the Bureau of Land Management
DETAIL OF PERMANENT POSITIONS

	1972	1972	1972
	Request Pending	Proposed Amendment	Revised Request
Grades and ranges:			
GS-11, $12,615 to $16,404	826	6	832
GS-9 , $10,470 to $13,611	840	2	842
GS-7 , $ 8,582 to $11,156	399	12	411
GS-5 , $ 6,938 to $ 9,017	445	5	450
No change in other positions	1,477	--	1,477
Total permanent positions	3,987	25	4,012
Unfilled positions, June 30	- 231	--	- 231
Total, Permanent employment, end of year	3,756	25	3,781

OFFICE OF TERRITORIES

Heading	Request Pending	Proposed Amendment	Revised Request
Administration of Territories:			
Definite	$21,385,000	$489,700	$21,874,700
Permanent	787,360	...	787,360
	$22,172,360	$489,700	$22,662,060

JUSTIFICATION

3. American Samoa

Fiscal year 1972 request pending, $11,198,000; revised request, $11,687,700; proposed amendment, $489,700. The increase consists of:

Explanation	Increase (+) or Decrease (-) Amount	Positions	Total Program Amount	Positions
To provide funds for the construction and furnishing of a permanent Legislature building, and modifications to present temporary quarters.	$489,700	0	$589,700	0

Cost Factors Involved in the Increase: Estimated cost of constructing the Legislature building, $514,700; furnishings, $25,000; temporary relocation costs, $50,000. These increases which total $589,700 will be partially financed by $100,000 of prior years excess local revenues to be appropriated by the Samoan Legislature.

Need for Amendment:

Problem and Present Situation

On November 13th 1970, one of the most devastating fires in the history of American Samoa completely destroyed the historical Legislature building. Housed in this two story structure comprising

22,000 square feet was the Legislature of American Samoa, which occupied the 11,000 square foot second story, the temporary Burns Philp department store, the Development Bank of American Samoa, the Hartford Insurance Agency, and the Territorial Liquor store--all occupying the ground floor. Building damage was estimated to be nearly $500,000, while merchandise and equipment losses amounted to more than $200,000. Total loss impact to the Government of American Samoa was approximately $550,000.

Since the building was unsalvageable, the remains were razed in order to eliminate safety hazards. Immediate steps were taken to relocate the commercial enterprises - to maintain employment - as well as to find temporary quarters for the Legislature. Presently, all businesses have been relocated. Furthermore, after several meetings with selected members of the Legislature during which numerous alternatives were considered, the second story of the Police Station was chosen for the temporary location of the Fono. In reaching this decision, primary emphasis was placed on finding a space that could accommodate the assemblies of both houses with minimal modification costs.

Although this location can provide legislative chambers with a minimum of remodeling, it cannot offer the space nor facilities required by the Legislature over the long run. The old Fono quarters contained 11,000 square feet of space whereas the temporary location provides only 4,500 square feet. Office space in this building, which was constructed prior to 1920, is austere, basically non-functional and improperly ventilated. Moreover, toilet facilities consist only of outside latrines.

In addition to these inadequacies which clearly indicate it is mandatory this structure be of a temporary nature, is the probable future use of this site. The Fagatogo Business Area Study now being undertaken makes it apparent that the logical use of this location will be for commercial development. Accordingly, such development is being programmed for FY 1973. Second priority is for temporary classroom expansion of the rapidly growing new Community College until permanent buildings can be funded and constructed. Although this disaster could have had substantial negative economic impacts, they were minimized by cooperation throughout the Governmental agencies and the private sector of American Samoa who offered assistance and immediate relocation to those firms suffering losses. Unfortunately, however, the political impacts of the loss of a permanent home for the Legislature could not be so easily solved.

Since the inception of the present political system which was established in 1948 and patterned after that of the United States, virtually no positive steps toward political stability and advancement within American Samoa had been made. In 1970, though, two major developments took place. The first was the establishment of a Samoan Representative to Washington, D. C. and the people's referendum to establish a Full-time Legislature. These strong advancements, coupled with full legislative participation in financial program development throughout the past year, brought new interest in the Legislature by the American Samoan community.

These gigantic yet fundamental steps of the developing territorial political system plus the evergrowing generation of local revenues which are appropriated by the local Legislature ($1.1 million in 1962 versus an estimated $6.8 million for 1972 and $9.5 million for 1976) are expected to provide the impetus of full Samoan involvement in all community affairs. Because of the status the Legislature has gained from this new interest, it is extremely important that new and permanent quarters befitting the role of Legislature be constructed at the earliest date possible. Without positive support from the United States at this critical time, it is expected that the social importance of the present political system as well as assumed U. S. interest in the Territory of American Samoa will be definitely diminished from the Samoan point of view.

Recommendations

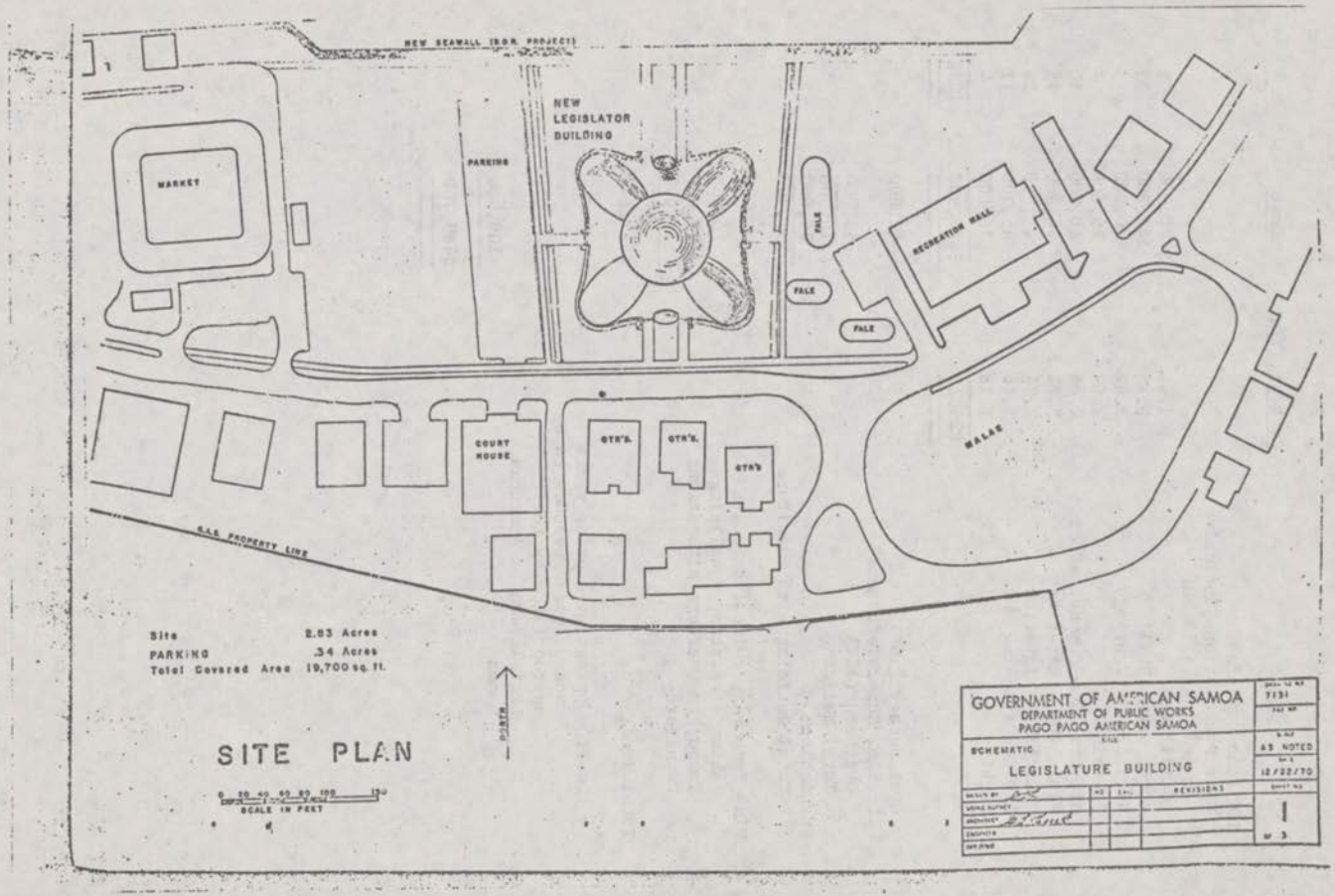
It is therefore recommended that this budget amendment request of $489,700 be appropriated to the Government of American Samoa for the construction and furnishing of a permanent Fono building and modifications to temporary quarters. Added to this amount, the Legislature of American Samoa will appropriate $100,000 of unprogrammed prior years' excess local revenues to complement those funds provided by the Department of the Interior.

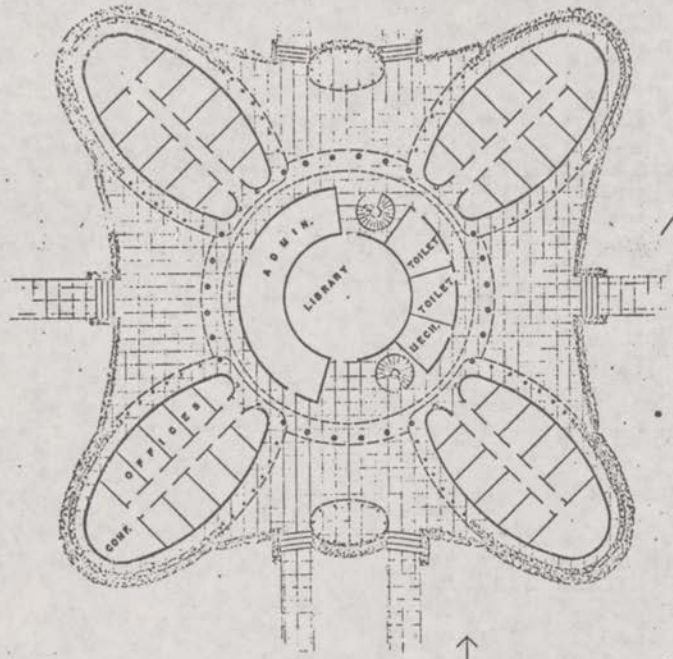
The proposed building will be designed to complement the character and beauty of Samoa yet give full consideration to the present tight fiscal constraints. As shown on the attached schematic drawings, the structure will be comprised of visually soft, curved surfaces which maintain the scale of Samoan architecture by using a complex of buildings rather than a single large unit. The central two story section will be housed under a large dome and will include assembly areas for both houses, a spectator gallery, offices for the President of the Senate and the Speaker of the House, a library, reception space, administrative offices and restrooms. Jutting from this central structure will be four eliptical office wings

each housing ten offices for the legislators and one conference/ committee room. The total building will have an area of 14,300 square feet.

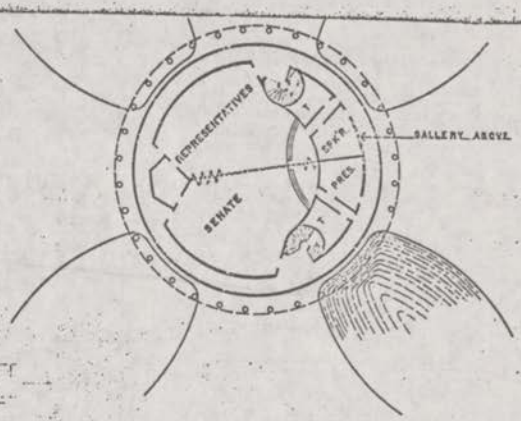
The cost estimates of building construction, furnishing and temporary relocation are outlined below. These are based on December 1970 costs and are subject to change depending upon the prevailing conditions at the time of funding. Furthermore, it should be noted that the siting as shown may change upon the completion of the Bay Area Master Plan. Consequently, the building complex may require some alterations to suit any new conditions.

Item	Cost/sq. ft.	Cost	%
New Fono Building			
Site Preparation (inclusive of grading, fill and utilities)	$ 1.46	$ 20,900	5
Structure - Shell	10.25	146,800	35
Structure - Footings	1.47	20,900	5
Plumbing	2.09	29,800	7
Electrical & Communications	2.86	40,900	10
Finishing - Exterior	3.81	54,500	13
Finishing - Interior	2.94	42,000	10
Air Conditioning	3.16	45,300	11
Parking	1.18	16,800	4
	$29.22	$417,900	100%
Contingency (10%)		41,800	
Design, Supervision and Overhead (12%)		55,000	
Total Building		$514,700	
Furnishings		25,000	
Total Building with Furniture		539,700	
Plus Temporary relocation costs			
Razing of destroyed building		20,000	
Temporary Quarters alterations		15,000	
Furniture		15,000	
Total Needs		$589,700	
Less: Unprogrammed prior years excess local revenues to be appropriated by the Legislature of American Samoa		-100,000	
		$489,700	


NEW SEAWALL (BOR PROJECT)
NEW LEGISLATOR BUILDING
PARKING
MARKET
FALE
FALE
FALE
RECREATION HALL
COURT HOUSE
GTA'S.
GTA'S.
GTA'S
MALAE
G.A.S. PROPERTY LINE
Site 2.83 Acres
PARKING .34 Acres
Total Covered Area 19,700 sq. ft.
NORTH
SITE PLAN
0 20 40 60 80 100 120
SCALE IN FEET
GOVERNMENT OF AMERICAN SAMOA
DEPARTMENT OF PUBLIC WORKS
PAGO PAGO AMERICAN SAMOA
SCHEMATIC
LEGISLATURE BUILDING
AS NOTED
12/22/70
REVISIONS
1
of 3



MAIN FLOOR PLAN



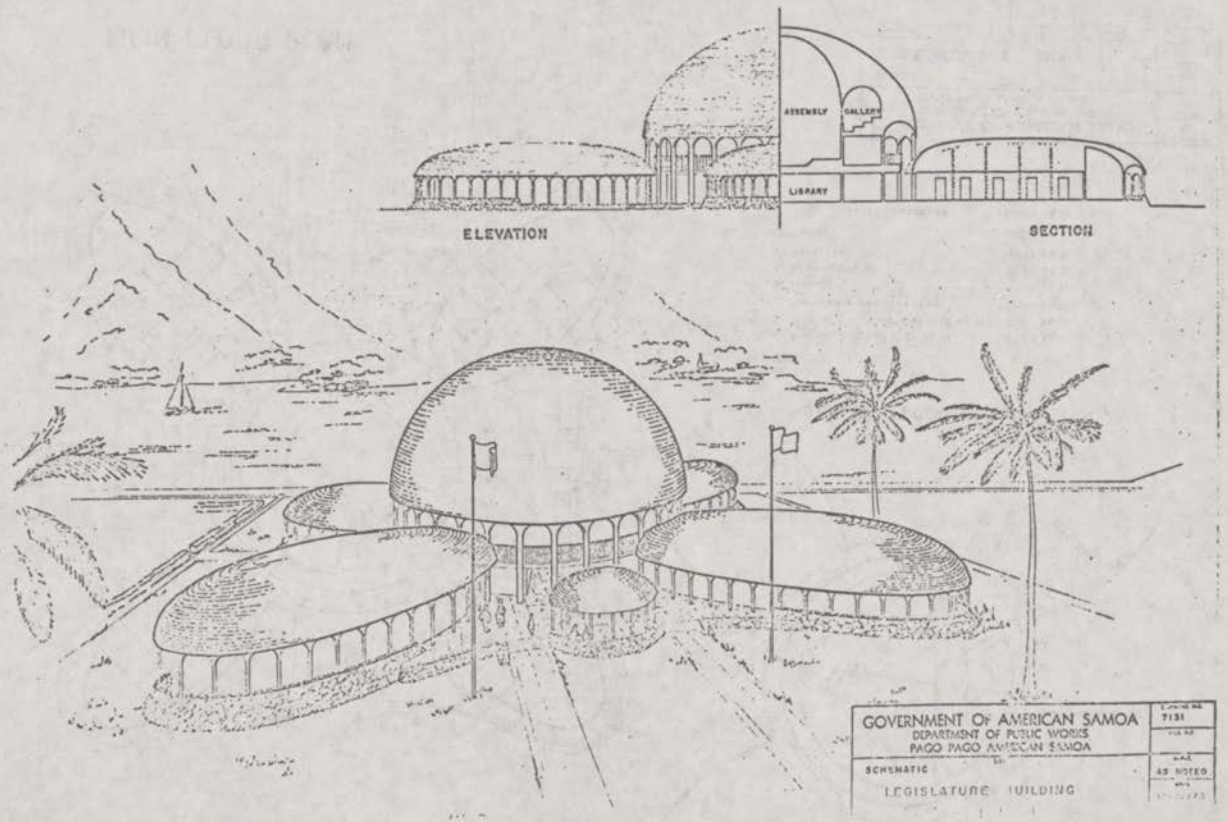
SECOND FLOOR PLAN

BUILDING AREAS

1.	Assembly	2 at 1350 sq. ft.	2700 sq. ft.
2.	Offices	4 wings at 1800 sq. ft.	7200 sq. ft.
	President and Speaker		400 sq. ft.
3.	Library		1150 sq. ft.
4.	Administration		1050 sq. ft.
5.	Services		1200 sq. ft.
6.	Gallery		600 sq. ft.
	Total Enclosed		14,300 sq. ft.

GOVERNMENT OF AMERICAN SAMOA DEPARTMENT OF PUBLIC WORKS PAGO PAGO AMERICAN SAMOA	DRAWING NO. 7131
SCHEMATIC LEGISLATURE UILDING	SCALE AS NOTED DATE 12/22/70
DRAWN BY	REVISIONS

1095


ASSEMBLY
GALLERY
LIBRARY
ELEVATION
SECTION
GOVERNMENT OF AMERICAN SAMOA
DEPARTMENT OF PUBLIC WORKS
PAGO PAGO AMERICAN SAMOA
SCHEMATIC
AS NOTED
LEGISLATURE BUILDING

DEPARTMENT OF THE INTERIOR
OFFICE OF TERRITORIES
ADMINISTTATION OF TERRITORIES

Program and Financing (in thousands of dollars)

Identification code 10-20-0412-0-1-910	1972 [illegible] Request Pending	1972 [illegible] Proposed Amendment	1972 [illegible] Revised Request
Program by activities:			
3.(d) Grants, American Samoa	10,723	490	11,213
No change all other activities	11,538	---	11,538
Total program costs, funded	22,261	490	22,751
Change in selected resources	--	--	--
10 Total obligations	22,261	490	22,751
Financing:			
21 Unobligated balance available, start of year (-)	-89	--	-89
24 Unobligated balance available, end of year	--	--	--
Budget authority	22,172	490	22,662
Budget authority: Current:			
40 Appropriation (General fund)	21,385	490	21,875
Permanent:			
60 Appropriation (Special fund)	350	--	350
62 Transferred from other accounts (Special fund)	437	--	437
63 Appropriation (Adjusted)	787	--	787

DEPARTMENT OF THE INTERIOR
OFFICE OF TERRITORIES
ADMINISTRATION OF TERRITORIES

Program and Financing (in thousands of dollars) -- CONTINUED

Identification code 10-20-0412-0-1-910	1972	1972	1972
	Request Pending	Proposed Amendment	Revised Request
Relation of obligations to outlays:			
71 Obligations incurred, net	22,261	490	22,751
72 Obligated balance, start of year	11,059	--	11,059
74 Obligated balance, end of year (-)	-11,597	--	-11,597
90 Outlays	21,723	490	22,213

Object Classification (in thousands of dollars)

Identification code 10-20-0412-0-1-910	1972	1972	1972
	Request Pending	Proposed Amendment	Revised Request
41.0 Grants, subsidies, and contributions	14,853	490	15,343
No change in other object classes	7,558	--	7,558
96.0 Portion of foregoing obligations originally charged to:			
Object class 11.1	-140	--	-140
Object class 12.1	-10	--	-10
Total obligations	22,261	490	22,751

DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

HEALTH AND SAFETY

Program and Financing (in thousands of dollars)

Identification code	1972 ~~XXXX~~ Request Pending	1972 ~~XXXX~~ Proposed Amendment	1972 ~~XXXX~~ Revised Request
Program by activities:			
1. Inspections, investigations, and rescue work	38,219	700	38,919
2. Control of fires in coal deposits	222	- -	222
3. Health and safety research	32,634	- -	32,634
Total obligations	71,075	700	71,775
Financing:			
Budget authority (appropriation)	71,075	700	71,775
Relation of obligations to outlays:			
Obligations incurred, net	71,075	700	71,775
Obligated balance, start of year	12,510	- -	12,510
Obligated balance, end of year (-)	-13,896	-50	-13,946
Outlays, excluding pay increase supplemental	69,613	650	70,263
Outlays from wage-board supplemental	2	- -	2
Outlays from pay act supplemental	74	- -	74

DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

HEALTH AND SAFETY
OBJECT CLASSIFICATION (in thousands of dollars)

Identification code	1972 [illegible]	1972 [illegible]	1972 [illegible]
	Request Pending	Proposed Amendments	Revised Request
Personnel compensation:			
11.1 Permanent positions	29,400	466	29,866
11.3 Positions other than permanent	425	8	433
11.5 Other personnel compensation	431	2	433
[illegible]			
Total personnel compensation	30,256	476	30,732
Personnel benefits:			
12.1 Civilian	2,450	38	2,488
[illegible]			
21.0 Travel and transportation of persons	2,950	35	2,985
22.0 Transportation of things	200	10	210
23.0 Rent, communications, and utilities	750	42	792
24.0 Printing and reproduction	250	15	265
25.0 Other services	25,512	39	25,551
26.0 Supplies and materials	2,900	5	2,905
31.0 Equipment	4,855	40	4,895
32.0 Lands and structures	190	- -	190
[illegible]			
41.0 Grants, subsidies, and contributions	760	- -	760
42.0 Insurance claims and indemnities	2	- -	2
[illegible]			
[illegible]			
99.0 Total obligations	71,075	700	71,775

DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

HEALTH AND SAFETY

Personnel Summary

Identification code	19 72 [illegible]	19 72 [illegible]	19 72 [illegible]
	Request Pending	Proposed Amendments	Revised Request
Total number of permanent positions ...	2,494	38	2,532
Full-time equivalent of other positions	45	1	46
Average number of all employees	2,411	38	2,449

Average Grade and Salary

Identification code	19 70 actual	19 71 estimate	19 72 estimate
Average GS grade	9.2	9.3	9.3
Average GS salary	$12,856	$12,952	$13,058
Average salary of ungraded positions ..	$8,467	$9,166	$9,922

BUREAU OF MINES

JUSTIFICATION

Health and Safety

Amendment to 1972 Estimate	$700,000

An additional $700,000 is requested under the Health and Safety appropriation to provide for assessing civil penalties for violations of the mandatory health and safety standards and other provisions of the Federal Coal Mine Health and Safety Act of 1969.

Section 109(a) of the Act provides: "The operator of a coal mine in which a violation occurs of a mandatory health and safety standard or who violates any other provision of this Act, except the provisions of title 4, shall be assessed a civil penalty by the Secretary under paragraph (3) of this subsection which penalty shall not be more than $10,000 for each such violation. Each occurrence of a violation of a mandatory health or safety standard may constitute a separate offense. In determining the amount of the penalty, the Secretary shall consider the operator's history of previous violations, the appropriateness of such penalty to the size of the business of the operator charged, whether the operator was negligent, the effect on the operator's ability to continue in business, the gravity of the violation, and the demonstrated good faith of the operator charged in attempting to achieve rapid compliance after notification of a violation."

"Any miner who willfully violates the mandatory safety standards relating to smoking or the carrying of smoking materials, matches, or lighters shall be subject to a civil penalty assessed by the Secretary under paragraph (3) of this subsection, which penalty shall not be more than $250 for each occurrence of such violation."

To carry out these functions it became apparent that an Office of Assessments and Compliance Assistance would have to be established. This Office headed by a Staff Associate to the Director is responsible to the Director for assessing civil penalties and other mandatory violations. The office is responsible for reviewing violations citations to insure that a violation did occur, ascertain the circumstances surrounding the violation, determine the degree of liability, establish the amount of penalty that is warranted, and review cases for formal adjudication.

To assist in the assessment process, engineering expertise on the technical aspects of assessment matters is required. The technical advisers investigate and evaluate hazardous conditions which have resulted in penalties and advise on the seriousness of violations. The technical advisers also monitor the progress of compliance with the law.

During the first 9 months of enforcement of the Act (April through December, 1970) 35,000 violations were cited. During this period, the Bureau was temporarily enjoined by a Federal Court from assessing penalties. However, in January, 1971, a new schedule was published and the Bureau resumed its penalty assessments. The Bureau estimates that there will be between 40,000 and 50,000 violations annually during the first several years of enforcement. To process this heavy workload volume, it is estimated that the following personnel will be required: 7 assessment officers; 5 technical advisers; 4 staff assistants; and 22 clerical, stenographic and typing personnel.

58-160 O - 71 - pt. 1 --70

DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

CONSOLIDATED SCHEDULE OF PERMANENT POSITIONS PAID
FROM FUNDS AVAILABLE TO THE BUREAU OF MINES
DETAIL OF PERMANENT POSITIONS

GRADES AND RANGES	1972 [illegible] Request Pending	1972 [illegible] Proposed Amendment	1972 [illegible] Revised Request
GS-15, $24,251 to $31,523	129	3	132
GS-14, $20,815 to $27,061	241	3	244
GS-13, $17,761 to $23,089	449	6	455
GS-12, $15,040 to $19,549	1,102	4	1,106
GS-9, $10,470 to $13,611	676	2	678
GS-7, $8,582 to $11,156	458	2	460
GS-6, $7,727 to $10,049	188	3	191
GS-5, $6,938 to $9,017	427	7	434
GS-4, $6,202 to $8,065	395	8	403
All other positions	1,823	- -	1,823
Total permanent positions	5,888	38	5,926
Unfilled positions, June 30	-245	- -	-245
Total, permanent employment, end of year	5,643	38	5,681

LIST OF WITNESSES

	Page
Andrus, D. R	204
Bales, M. W	515
Brown, K. M	1025
Camacho, Hon. C. G	546
Coulter, R. C	1025
Crow, J. O	204
Dunn, T. F	515
Farrington, Mrs. E. P	515
Fuima'ono, A. U	584
Guerrero, J. C	546
Hastey, E. L	204
Haydon, Hon. J. J	584
Heller, Samuel	515
Hite, R. R	1
Johnston, E. E	779
Latvala, A. E	1025
Loesch, Harrison	204, 515
Meeuwsen, C. H	584
Me'ich, Mitchell	1025
Meredith, Eddie	584
Morton, Hon. R. C. B	1
Olter, Bailey	779
Oyler, W. D	779
Pat, Won	546
Ramirez, F. T	546
Rassmussen, B. L	204
Reed, Leaeno	584
Sanchez, G. C	546
Setik, R. J	779
Stasko, J. J	515
Tuiolosega, Tagaloa	584
Utu, Fainu'ulelei	584
Verlander, F. M	584
Wiles, F. M	1, 204, 515, 1025
Winn, P. E	515
Yarberry, Burl	779
Zumwalt, E. V	204

INDEX

B

Budget amendments: Page
Bureau of Land Management 1082
Bureau of Mines 1082
Office of Territories 1082

L

Land Management, Bureau of 204–514
Administrative provisions 508
Aircraft, additional 508
Personnel ceilings 512
Positions unfilled 512
Alaska freeze order 372
Comptroller General's report 508
Budget amendment 1082
Construction and maintenance 460
Alaska:
Fairbanks complex 472
Pollution control in 472
Visitor days to Alaskan campgrounds 473
Criteria for funding projects 472
Johnny Horizon program 474, 476
Lower Colorado area 473
Monitoring of costs 470
Program for 1972 472
Unobligated balances 470
Highlights of 1972 program 209
Johnny Horizon program 474, 476
Justification material 364
Land exchange program 363
Land under jurisdiction of Bureau 350
Acquisition of land 438
Location of 432
Offshore lands 355
Value of 437
Management of lands and resources 377
Alaska pipeline 341–347, 455
Cost to date 345
Report on 335
Alaskan land use plan, northern 440
Appeals and hearings function, transfer to Office of the Secretary 411
Budget amendment 1082
Cadastral survey program 347, 457
Cattle per acre on rangeland 442
Fire protection 449
Costs 450, 451
Fairbanks complex 450
Firefighting 458
Fish and wildlife 454
Hunting and fishing license receipts 455
Flood control measures 441
Forest development, public domain 444
Forest management, public domain 360, 442, 443
Forest Service research, use of 363
General administration 458
Other services 460
Grant land formula 361

Land Management—Continued
Management of—Continued
Page
Grazing fees 209
Grazing lands 213
Land and water conservation fund:
Receipts 217
Land appraisals 417
Land case backlog 417
Land classification and mineral examination increases 432
Log exports 361, 376
Missouri River Basin 441
Office space, funds transferred to GSA covering 411
Oil leases, offshore 214
Bonus payments 327
Cancellation of 326
Cleanup clauses and costs 216, 219, 331
Information available at time of sale of leases, geological 328, 375
Number of leases and locations 214
Oil production and destination 217
Oil spills:
Number of 216
Prevention and cleanup 215, 216, 325, 329, 331
Repeated spills 328
Santa Barbara 323, 331
Receipts 218, 326, 375
Regulations pertaining to mineral leasing, operations and pipelines 220, 331
Responsibility in leasing 214, 334
Royalty payments 327
Sale process 328, 330
Sales in December 1970 327, 334
Sales in fiscal year 1972 328
Sample lease 263, 317, 330
Santa Barbara area 214, 215
Time limitation on 326
Range management 442
Acreage burned 449, 451
Allotment management plans 442
Halogeton plant 445
Sheep losses in Utah 445, 447
Ranger force 453
Receipts from mineral leasing 372
Recreation areas 355
Recreation management 453
Adequacy of 355
Cost of cleanup 355
Expenditures by recreationists 357
Fees 357
Pollution abatement 356
Sites to be developed 356
Visitors 355, 357
Soil and watershed conservation 444
Surface protection 437
Timber access road program 361
Timber management and sales 360, 376, 443
Title, lease, and record service reduction 418
Utah, sheep losses in 445, 447
Wild game being harassed, complaints against 541
Oregon and California grant lands 489
Paperwork management reduction 371, 418
Pollution abatement and environmental protection, activities in 358
Postal rates, increase in 364
Priority of programs 204
Public lands development, roads and trails 479
Establishment of trail system 485
Priorities 485
Ski areas 486
Unobligated and unexpended funds 485

Land Management—Continued Page
Public relations and paperwork reduction 371, 418
Range improvements 505
Receipts and distribution of revenue 348
Sale of Federal land 514

S

Secretary of the Interior, testimony of 1–203
Administrative Assistant Secretary, increase in status of 79
Alaska Native Claims Act 84
Alaska pipeline 84
Ann Arbor and Milford fisheries laboratories 127
Appropriations, 1962–72 42
Appropriations compared to receipts 122
Assistant Secretary, need for new 78
Biographies 14
Budget for fiscal year 1972:
Compared with 1971 ..... 2, 28, 131
Priorities in 71
Department of Natural Resources, establishment of 82
Energy consumption 99
Energy requirements, research on 77
Environment, Joint Commission on 97
Environmental Protection Agency, transfer of functions to 192
Environmental protection programs 93, 192
Financial tables 27
Freezing of congressional add-ons to budget 79, 114
Grazing fees 90
Helium program 126
Impounding of funds 79, 114
Indefinite appropriations 50
Indian Affairs, Bureau of:
Assistant Secretary, new 78, 80
Funding of Indian programs 71, 89
Personnel policy 203
Policy of Administration on Indian affairs 73
Scholarships 181
School survey 89
Schools in Alaska 87
International Conference of the Sea 194
Land and water conservation fund 74, 114, 124
Revenue, source of 75, 125
Land use plans, development of 82
Management building program 81
Mines, Bureau of 181
Mine health and safety 72, 75
Solid waste disposal 73
National Fisheries Center and Aquarium 114
National Marine Fisheries Service 130, 131
National Park Service:
Activities of 163
California pilot operation 126
Crime in the parks 112
Funds in Department of HUD budget 125
Gateway National Recreation Area 194
National Park Foundation 111
Tocks Island National Park 111
Visitations to parks 112
Natural resouces management, funding for 71
Office of Coal Research, funding of 77
Oil imports 101
Oil leasing and drilling, offshore 88, 94–97, 182
Alaska 192
Oil cleanup methods 109
Drilling data, need for 89
Receipts from Outer Continental Shelf 125

Secretary of the Interior—Continued Page
Oil spills 88, 94, 183, 184
Foreign tankers 193
Outlays 53, 117
Permanent appropriations 48, 163
Pollution abatement activities 77, 91
Positions, permanent 68
Priorities in 1972 budget 71
Public relations and paperwork management, departmentwide 418
Reorganization of Department 80
Federal Water Quality Administration, transfer of 163
Office of Hearings and Appeals 163
Research and development appropriations 66
Revenue sharing 119
Statement of, prepared 19
Territories, Office of:
Micronesia problem 113
Policies of, new 113
Trust funds 51

S

Solicitor, Office of the 1025–1081
Advancements and reimbursements 1037, 1043
Alaska pipeline 1069
Availability of information 1073, 1075
Backlog of work 1039
Coal Mine Health and Safety Act 1044
Hearings and Appeals, Office of 1035
Indian civil rights project 1034, 1041
Litigation pending 1046
Coal research 1073
Fishing rights of Indians 1068
Glen Canyon Reservoir 1069
Mineral rights 1072
New Jersey deer problem 1071
Seneca Nation 1076, 1079
Washington State school lands 1069
Minority employment 1080
Oil spills 1045
Organizational changes 1034, 1038
Reorganization Plan No. 3 1034, 1036
Reorganization Plan No. 4 1034, 1035
Patents, title to 1073
Pawhuska, Oklahoma, office 1035
Pollution control 1072
Positions and vacancies 1043
Postage rate increase 1042
Printing costs 1041, 1042
Proprietary rights 1073, 1079
Saline water title problems 1074

T

Territories, Office of 515–1024
Administration of territories 515, 517
American Samoa 516, 584–779
Accounting principles and standards 592
Accounting system 764
Planning 765
Agriculture 747, 776
Aliens 724
Audit office 753
Bank of Samoa 772
Budget amendment 1082
Committee investigation 764
Corporate taxes 763
Council on Arts 746

Territories—Continued
Administration of—Continued
American Samoa—Continued
Page
Drug problem 726
Economic development 636
Education 635, 730
Classrooms 754
Community college 738
Revenue for, local 738
Scholarships 734, 739
School lunch 736
Secondary schools 754
Teacher training 736
Television 732
Financial problems 591
Cost overruns 591
Fire protection 745
Fishing 748, 775
Funding guidelines 723
Governor's office 725
Governor's statement 584
High court cases 726, 727
Income taxes, delinquent 771
Intercontinental Hotel expansion 750, 767
Justification material 640
Land ownership 757
Legal affairs and public safety 744
Legislative budget 738
Legislature 727
Medical services 738, 740, 774
Leprosy 755
Mosquito problem 743
Nursing school 742
Moorings, harbor 756, 757
Personnel, recruitment of 591
Personnel turnover 767
Planning, comprehensive 634
Pollution abatement and environmental protection 740
Population growth 754
Power problems 774
Progress in 521
Public Works, Department of 751
Architectural and engineering revolving fund 783
Backlog of design work 771
Central business area development 755
Construction projects with unobligated and unexpended balances, list of 769
Cost overruns 752
Electric generating plant 759
Recreational areas 763
Road and sewer projects 752
Road construction 761
Seawall construction 762
Solid waste site development 760
Reprograming actions 726
Retirement program 726
Revenue 728, 753
Sewerage 635, 758
Speaker of Legislature, statement of 638
Studies being made 634
Tourism 750
Traffic laws 744
Unobligated and unexpended balances 637, 768
Wage equalization 724
Water development 633, 758
Youth center 747
Federal aid to territories, U.S 540
General administration 530

Territories—Continued
Administration of—Continued
Page
Guam ---- 519, 546–583
Airport facilities ---- 555, 560, 578
Committee investigative report ---- 582
Comptroller ---- 516, 517, 579, 582
Crime problem ---- 582
Crown of thorns starfish ---- 583
Economic development ---- 553
Educational facilities ---- 553, 559, 572
Air conditioning of classrooms ---- 575
Classrooms ---- 572, 576
Construction ---- 572, 575
School-age population ---- 571
Teachers ---- 574, 577
Vocational education ---- 577
Exchange of land with Navy ---- 583
Health facilities ---- 574
Justification material ---- 561
Legislature ---- 561
Loans and repayments ---- 555
Distinction between loans and grants ---- 570
Pollution abatement and environmental protection ---- 554, 560
Population of ---- 571
Progress in ---- 521
Recreation and parks program ---- 583
Revenues ---- 570
Sewer system ---- 554, 579
Taxes ---- 570
Unobligated and unexpended balances ---- 579
Urban renewal ---- 583
Water systems ---- 554, 578
Improvement in ---- 518
Positions, type of ---- 533
Problems in ---- 518
Virgin Islands ---- 533–546
Comptroller ---- 516, 517, 536
Audit by ---- 536, 537, 540, 543
Financial management functions ---- 536, 540
Housing problem ---- 545
Immigration problem ---- 544, 545
Trust Territory of the Pacific Islands ---- 516, 517, 779–1024
Accomplishments in past year ---- 910
Agriculture ---- 963–967
Cultivated acreage and crop production ---- 963–965
Marketing system ---- 965
Progress in ---- 966
Air carrier contract ---- 1018
Airfields and airports ---- 911, 1002
Automatic data processing ---- 972
Bank of Micronesia ---- 1017
Bikini rehabilitation program ---- 1004, 1005
Capital improvement program ---- 787
Dispensaries ---- 998
Educational facilities ---- 979
Inter-island ships ---- 977, 1003
Maintenance and rehabilitation facilities ---- 1014
Power program ---- 1013
Radio transmitter in Truk ---- 979
Transportation and communications facilities ---- 998
Airfields ---- 911, 1002
Utility systems ---- 979, 1012
Warehousing facilities ---- 977, 1004
Ceiling on authorizing legislation and appropriations ---- 924, 925
Civic action teams ---- 1009
Commissioner's statement ---- 780
Communications ---- 910, 975, 977, 998

Territories—Continued
Trust Territory—Continued
Page
Community development 959
Complaints of Micronesians 525, 527
Congress of Micronesia 524, 525, 786, 929
Contractor mobilization costs 925
Copra exports 915
Copra stabilization fund 1016, 1017
Crime 932, 971
District administrator's offices 972
District legislatures 959
Economic development 529, 786, 915
Economic Development Loan Fund 918, 967, 968, 1017
Education 522, 937–958
Capital improvements 979
Classroom and teacher needs 944
Community College of Micronesia 911, 956, 957
Construction program 948, 954
Dormitories 951, 954
Elementary schools 943, 955
English proficiency and training 914
Foster home boarding 954
Language of instruction 943
Micronesian Occupational Center 912, 956
Nonpublic schools 957
Nursing school 911, 936
Priorities 949, 950
Pupil-teacher ratio 948
Scholarship program 914, 956
School enrollment 937, 940, 946
Secondary schools 940, 946, 947, 950, 955
Teacher training 943, 955
Television 522
Textbooks 944
Variations in east and west districts 955
Vocational training 520, 912
Employees 931
Civil service hirings 931
Micronesians 519, 921
Employment and unemployment in 919, 967
Financial management activities 786, 1021
Fleet operations statistics 973
Foreign investment activity 916
Funds from United States, increase in 528
Funds received from other Federal agencies 1014
Government of 523
Grants in aid 959
Hotels 519, 916, 917, 918, 921
Housing loan fund 960
Income, average 915
Judicial system 971
Criminal court case backlog 934
District and community courts 972
Justification material 789
Land cadastral program 530, 961
Land claims 530
Land ownership system 930
Leadership, hereditary 929, 930
Legislation pending in U.S. Congress 529
Legislative liaison 959
Mariana Island District Legislature, resolution of 932
Marine resources 968
Customs status for fish processing 969
Master plan for development of 924

Territories—Continued
Trust Territory—Continued
Page
Medical services 927, 934–937
Dental services 936
Dispensary construction 913
Environmental health and sanitation 935
Hospitals in 520, 523, 910
Occupancy rate 937
Medical referrals, cost of 934
Nursing 936
Training of health aides 913
Operations and maintenance 977
Palau land problem 910
Pay scale of Micronesians 787
Peace Corps activities 966, 1015
Political status of 524
Pollution abatement and environmental protection 924
Public safety 971
Road construction 998
Saipan trust fund 1015
Salary increases 786
Sewage disposal systems 922
Outer islands development 923
Unpopulated islands 928
War claims 525, 529
Agreement with Japan 525
Water problems 519, 520, 523, 922

○