

DEPARTMENT OF THE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2013

WEDNESDAY, FEBRUARY 29, 2012

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:35 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Jack Reed (chairman) presiding.

Present: Senators Reed, Leahy, Tim Johnson, Tester, Landrieu, Murkowski, Alexander, Cochran, Collins, and Hoeven.

DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

STATEMENT OF HON. KEN SALAZAR, SECRETARY

ACCOMPANIED BY:

DAVID J. HAYES, DEPUTY SECRETARY

**PAMELA K. HAZE, DEPUTY ASSISTANT SECRETARY FOR BUDGET,
FINANCE, PERFORMANCE, AND ACQUISITION**

OPENING STATEMENT OF SENATOR JACK REED

Senator REED. Let me call the hearing to order and on behalf of the members of the subcommittee I'd like to welcome the Secretary of the Interior. Mr. Secretary, thank you very much for taking time to be with us this morning and to talk about the fiscal year 2013 budget for the Department of the Interior.

I would also like to take a moment to thank you for all the time that you spent in our States during the past year visiting our shared priorities. I very much appreciated your trip to Rhode Island last summer and your support to create the John H. Chafee Blackstone River Valley National Historic Park.

I am also grateful for your participation, you and your staff, along with Senator Murkowski, for our very interesting and informative trip to Alaska. And I would also like to thank Senator Murkowski not only for her gracious hospitality in Alaska, but for her extraordinary efforts last year on a bipartisan basis to bring forward an Interior bill which I think was a good one. Thank you very much, Senator Murkowski, for your great work and for the work of your staff.

Mr. Secretary, I also want to thank you for your intense interest in all these issues and for your accessibility and collaboration with

us throughout the process last year, and we look forward to the same collaboration going forward this year.

Turning to the budget, it appears that the administration is seeking \$10.4 billion for Interior programs under the jurisdiction of this subcommittee. That is an increase of \$139 million, or about 1 percent more than the equivalent fiscal year 2012 enacted level.

Within that amount, funding for the operations of our national parks, refuges, and other public lands is essentially flat at \$4.56 billion. Tribal programs are also flat-funded at approximately \$2.53 billion.

The budget request does include a few new investments, including a \$115 million increase for the Interior Department's Land and Water Conservation (LWCF) programs, for a total of \$332 million. That amount is a 53-percent increase more than the fiscal year 2012 level and includes a new emphasis on landscape-scale projects in Montana, Wyoming, and Florida.

I look forward to discussing how this proposal fits in with other land acquisition priorities particularly since I notice that there are no projects in some of our States, Rhode Island included, with respect to land acquisition. And it is very important, I think you recognize this, for urban parks and refuges and also for the whole country that we have an active acquisition process going forward.

The budget request also includes \$222 million for the Bureau of Safety and Environmental Enforcement (BSEE), a 13-percent increase for inspections and enforcement. I understand the Department intends this funding increase to continue the transformation of its offshore energy program.

The request also proposes substantial increases in science, including a 3-percent increase in the U.S. Geological Survey's (USGS) budget for a total of \$1.102 billion. Within that amount is \$18.5 million for hydraulic fracturing research to support a multi-agency research effort to address environmental questions related to energy development.

Of course, as is often the case during these fiscally difficult times, the administration's budget request also contains reductions to other important programs, including a 19-percent cut to land management agency construction programs and an additional 14-percent cut to the construction of tribal schools. And finally, it requires yet another round of belt-tightening by the Department's Bureaus to produce \$80 million in administrative savings.

As we discuss the details of this request, it is very important to note that, for decades, resources provided to the Department through the Interior, Environment, and Related Agencies appropriations bill have created jobs by enabling oil and gas development, supporting outdoor recreation, and building facilities, roads, and trails on our public lands.

The Department now has the opportunity to spur economic growth through new sectors like renewable energy, and that fact makes it even more important that the right resources and policies are in place to permit these projects to proceed quickly and responsibly.

In particular, I would like to have a conversation about the role of the Bureau of Ocean Energy Management (BOEM) in permitting new offshore wind projects, which have the ability to create hun-

dreds of new assembly and manufacturing jobs all across our coastal areas, but in particular at Quonset Point, Rhode Island. I think some of my colleagues also have some interest in those projects.

We have worked in Rhode Island and in adjacent States, but particularly Rhode Island, to develop an ocean special area management plan (SAMP), first in the Nation effort to streamline the planning process for the siting of these facilities. And despite all this work, I am concerned that BOEM's environmental assessment and planning process for Rhode Island is falling behind schedule, that we are not keeping pace with other areas of development.

And finally, I would also expect to discuss how the Department's budget request will support and expand other types of energy development. The subcommittee has been very involved in the reorganization of offshore oil and gas programs, and I am anxious to hear a progress report from the Secretary regarding how the Department's three new Bureaus are addressing their management challenges.

I anticipate that we will also discuss the changes the Department is proposing to its onshore energy development budget, including a proposal for a new inspection fee for oil and gas development on Bureau of Land Management (BLM) lands, and I look forward to a good conversation on all of these important issues.

And now, Mr. Secretary and colleagues, I would like to turn to the ranking member for any of her comments.

Senator Murkowski.

STATEMENT OF SENATOR LISA MURKOWSKI

Senator MURKOWSKI. Thank you, Mr. Chairman, and welcome to the panel.

We had the opportunity yesterday to have Secretary Salazar, Assistant Secretary Hayes, and Ms. Haze before the Energy Committee. So I had a chance to do some warm-up questions then, but it is good to welcome you back to this subcommittee.

And Mr. Chairman, you mentioned the trip that we took to Alaska this summer. I, too, want to thank the Secretary and thank you and your staff. Peter Kiefhaber, who is no longer with the subcommittee, but did a great job with us as we worked that Interior package last year. So thank you not only for the time that you took to look at some issues that are very important to my State and to the country, but also for the good work of your staff as we built that bill last year.

This morning, Mr. Chairman, I think we recognize that this is just the first of several of our subcommittee hearings that we will engage in an oversight role we exercise during these hearings. It is especially critical in this challenging fiscal climate where we are forced to make some very difficult decisions, difficult choices between many worthy programs that are funded by this bill and by others.

It is imperative that we work with the executive branch to improve the efficiency and the quality of the programs that are administered by all of the agencies that are under our jurisdiction. I think we all recognize that in this time we are all having to figure out how we do more with less.

As you have indicated, Mr. Chairman, the Department's budget request is essentially flat at \$10.4 billion. But before I describe some of the concerns that I might have, I want to applaud you, Mr. Secretary, for including the full amount of contract support costs for the Bureau of Indian Affairs (BIA) request.

These funds are absolutely, absolutely critical for the delivery of so many programs to Native Alaskans. As you know, this is a top priority for me, and I hope that we can encourage Indian Health Services to adopt your approach in future requests. So I thank you for that.

There are a number of concerns that I have with the Department's budget proposal for fiscal year 2013. Similar to last year, it does propose to increase by 39 percent the amount for LWCF programs while at the same time we are cutting the construction accounts for all of the land management agencies and BIA.

I think it is somewhat shortsighted to continue underfunding essential construction and maintenance programs while at the same time we are increasing the operational demands on the Department by expanding the amount of land under its jurisdiction. That was something that I had noted yesterday.

I do find it curious that at the same time that the budget proposes to dramatically expand Federal land acquisition that it eliminates the National Wildlife Refuge Fund, which compensates States and localities for the loss of tax revenue due to Federal ownership.

And while the budget proposes to extend mandatory Payments in Lieu of Taxes (PILT) that expire this fiscal year by just 1 additional year, it doesn't provide for offsets. I think that before we commit funds to additional land acquisitions that we should make sure that we have got a definitive way to honor our existing commitments to States and counties that already have a large Federal land base which is not subject to property taxes.

I was in Ketchikan on Friday. It is the southernmost community in southeastern Alaska, sits in the middle of the Tongass National Forest. I was reminded that in Ketchikan, only 1/30th of 1 percent of the Ketchikan borough is taxable, is subject to any taxation, 1/30th of 1 percent.

So when we cut back on PILT, when we cut back on Secure Rural Schools program funding, there is no way to expand their tax base. They are sitting in the middle of a national forest. So it was a good reminder to me of the importance of some of these mandatory payments.

Also, a number of troubling proposals in the request for new fees that would raise the cost of domestic energy production, mining, and livestock grazing. I am concerned with what I would describe as a budget gimmick, and this relates to the Coastal Impact Assistance Program (CIAP).

There is an offset of current discretionary programs by rescinding the \$200 million within CIAP. This was established by the Energy Policy Act of 2005 in recognition of the direct impacts that are caused by Federal offshore Outer Continental Shelf (OCS) development on our OCS-producing States.

Alaska, for instance, would lose \$16 million of the remaining \$45 million that it is entitled to under the program for environmental

mitigation and infrastructure improvements. This is an unacceptable situation in my opinion, particularly in light of the fact that we have yet to enact legislation that would provide for State revenue sharing for OCS-producing States so that the projects that are currently supported by CIAP would continue to have a funding source.

On a positive note, and as I said yesterday, you can't have conversations like this without—and being critical in areas without recognizing where we truly have made significant gains, and I thanked you for the contract support. But I would also like to thank you, Mr. Secretary, and the Department for the approval of Shell's Arctic spill prevention plan on the 17th of this month. I am very, very hopeful that after a number of false starts on this exploration of both the Beaufort and the Chukchi Seas that we can actually begin this summer.

And again, Mr. Hayes, I thank you for your very personal efforts. You have been engaged at a level at the Secretary's request that I think has helped to facilitate this process.

I am also very optimistic that language that was included in last year's Interior, Environment, and Related Agencies appropriation bill that transfers the authority over air quality issues in Arctic OCS from the Environmental Protection Agency to the Department of the Interior will finally provide some much-needed regulatory certainty for the environmentally safe and timely development of our resource.

So I thank you for your assistance in many of these areas. Look forward to furthering our conversation today.

And I thank you, Mr. Chairman.

Senator REED. Thank you, Senator Murkowski.

Mr. Secretary, while we anticipate your testimony, I would like to give my colleagues present here an opportunity to make a brief statement before you begin.

Senator Collins.

STATEMENT OF SENATOR SUSAN COLLINS

Senator COLLINS. Thank you, Mr. Chairman.

First, Mr. Chairman, let me say how much I look forward to working with you and the ranking member this year in crafting this important appropriations bill. And of course, it is always a pleasure to welcome back to the subcommittee our former colleague Secretary Salazar. I told Secretary Salazar this morning that he was my favorite Cabinet member, to which my colleague Senator Alexander quickly replied that I tell all the Cabinet members that.

Senator COLLINS. But truly, we do have a special relationship from having served together. I also want to thank the Secretary for traveling to Maine last August to see the exciting new deepwater offshore wind technology that is being developed there.

While I have looked forward to learning more about the broad range of activities included in the Department's budget request, I am particularly interested in discussing the BOEM's efforts with regard to leasing and permitting deepwater offshore wind, an issue that I know is of great interest to the chairman of this subcommittee as well. Specifically, I look forward to discussing

BOEM's efforts in Maine, including the Renewable Energy Task Force and Statoil's unsolicited lease application.

I know that you share my interest in streamlining the development of our offshore wind resources permitting so that we do not lose the global race in the development of this abundant, renewable energy source.

In addition to advancing our goal to responsibly develop our energy resources, partnerships are paramount for striking the right balance in meeting our shared conservation goals. On that foundation, our open spaces, recreation, and working lands can continue to coexist for the benefit of future generations.

One of the most important Federal programs to assist in the preservation of recreational and environmental resources is the LWCF. Secretary Salazar, you have been such a leader in this area, and I know you well recall how hard we worked together in this area to increase funding during your time in the Senate. I appreciate the administration's continued commitment to LWCF, which has funded the acquisition of key parcels within Maine's treasured Acadia National Park and strategic forest legacy projects.

In addition, I am pleased to see partnerships highlighted in the America's Great Outdoors Initiative, including two community-led signature projects in Maine, the Keeping Maine's Forests and the Penobscot River Restoration Project. The Penobscot River Restoration Project is the largest river restoration project ever undertaken in the eastern part of the United States. It has been a true private-public partnership.

I look forward to working together, particularly considering the challenging budget constraints, to ensure that the Department continues to provide technical assistance and seed money to help match the considerable private funding that has been raised to complete these flagship projects.

These are just some of the issues I hope to touch on today, and I thank you, Mr. Chairman, for the opportunity to give an opening statement.

SENATOR REED. Thank you, Senator Collins.

Are there any other colleagues that wish to give an opening statement? Senator Tester.

STATEMENT OF SENATOR JON TESTER

Senator TESTER. I will be brief. I want to thank you, Chairman Reed and Ranking Member Murkowski, for holding this hearing.

And I want to thank Secretary Salazar, flanked by the two "Hayzes" here today. I appreciate the work you have done.

I just want to look back. I think we had an incredibly successful year last year with wolf delisting, with the *Cobell* settlement, with the *Crow* water settlement. And I think that the ground-up strategy that you folks have used for land management, I think, is critically, critically important, and I applaud you on that.

As we flesh out this budget, I think we need to continue to work to make things as good as we can for your Department and for the Federal lands around the country.

So thank you very, very much.

Senator REED. Thank you very much, Senator Tester.

And I am going to try to abide by the early bird rule with one exception. Senator Leahy has asked that he be recognized in the proper democratic order when he arrives, and I will do that and wanted to let my democratic colleagues know that.

And with no—

Senator ALEXANDER. Wait. Could I make a brief statement?

Senator REED. Absolutely. Senator Alexander, please.

STATEMENT OF SENATOR LAMAR ALEXANDER

SENATOR ALEXANDER. Mr. Chairman, I want to join in the welcome of Secretary Salazar, who is well known and well loved here in our—in the Senate and thank him for his travels, including to the Great Smoky Mountain National Park, where he appeared with, among others, Dolly Parton, rendering everybody else who was present unimportant.

But, one, I want to remind the Secretary and this subcommittee of the disparity in funding of our great national parks. The Great Smokies is the only park, only big park, that was actually given to the United States. It wasn't carved out of Federal land. And as a result of that, we don't collect a fee on people who come into the Great Smoky Mountain Park. So we have about one-half as much money to spend and two or three times as many visitors as even the big western parks in the Great Smokies.

Last year, \$35 million for Yellowstone National Park, \$29 million for Yosemite National Park, 19 million Federal dollars for the Smokies. And the people in the area have worked hard to—and of course, at Yellowstone National Park and Yosemite National Park, you have the fees on top of that. And at Smokies, you don't.

Now we make up for that with a lot of volunteer work on the trails and efficient management. But I would hope, Mr. Secretary, you would look for ways to recognize the Smokies doing so much for itself, and you and I have talked about the joint curatorial collection facility there that would benefit five national park properties, which is competing for construction funds, which I know are diminishing, but a place to put important papers from the area, including President Andrew Johnson's papers.

And we hope it has a priority and maybe a little equity since the park is not as well funded as others, even though it has two or three times as many visitors as other parks.

The second thing I will be asking you about are fish hatcheries, which supply—one of which supplies the whole country. And I learned a long time ago that there are probably more people with hunting and fishing licenses in Tennessee than who vote. And so, this is serious business for us, and I will be asking you if you will give me some assurance you will not close the two fish hatcheries in Tennessee until we find a funding solution.

We are working with the Corps of Engineers (COE), the Tennessee Valley Authority (TVA), to try to find a solution to this. We understand you will have to reduce some Federal funding. But if they close before we find a solution, that will be very, very disappointing.

So I welcome you, and I look forward to my opportunity to ask questions at a later time.

Senator REED. Thank you very much, Senator Alexander.

Senator ALEXANDER. Thank you, Mr. Chairman.

Senator REED. Mr. Secretary before you begin, I want to again recognize Deputy Secretary Hayes and Deputy Assistant Secretary Haze.

SUMMARY STATEMENT OF KEN SALAZAR

Secretary SALAZAR. Thank you very much, Chairman Reed, and thank you for the recognition of my colleagues, members of the subcommittee, Deputy Secretary David J. Hayes and Pamela K. Haze, Deputy Assistant Secretary for Budget, Finance, Performance, and Acquisition.

Ranking Member Murkowski, Senator Susan Collins, Senator Alexander, Senator Johnson, and Senator Tester, as I appear before you this morning—and I hope I am your favorite Secretary, Senator Collins—I can only tell you that when I look at the five of you, six of you, you are some of my favorite Senators.

Secretary SALAZAR. I think if the rest of the U.S. Senate were like the six of you who are here today, I think we could solve every problem in the world. So I just wish there were more of you, both Democrats and Republicans.

Let me also just acknowledge the great work of your staff. Rachael, congratulations on your appointment. We will miss Peter, but we know you will carry on and do a great job, and the great bipartisan relationship that you also have on the subcommittee reflects back on the staff. It has been great working with you as well and the staff on both sides.

Let me say in this position as Secretary, I am very, very honored to be able to be the custodian of America's natural resources and the custodian of America's heritage. From the Crown of the Continent in Montana to the Great Smoky Mountains, to Mount Rushmore and the Dakota Grasslands to Acadia and the Penobscot River, to Mount Denali and the North Slope down to the Blackstone National Heritage Area, you reflect much of my job in the work you all do on behalf of your States. I very much have enjoyed visits to your States and spending time with you, working on solving problems because I think all of you and I are committed to doing that.

FISCAL YEAR 2013 BUDGET

Let me just spend a few minutes talking about the budget proposed for fiscal year 2013. It is a squeeze budget. It is a tough choices and painful cuts budget. Senator Reed made the statement that it is a basically a flat budget, but there are also some very significant cuts to make the budget balance.

It is a budget that cuts Government and asks us to do more with less. That is what the President has directed us, and as we all deal with these tough fiscal times, that is just a reality we have to face. It is a budget that supports huge job creation in energy, both in conventional energy, oil and gas, as well as renewable energy, where we have all made some major strides.

It is a budget that supports conservation and tourism and the major dollars that are brought into each of your States from the conservation and outdoor recreation program, including all those hunters and anglers, bikers and hikers, and wildlife watchers. It is

a budget that also does as much as we possibly can to honor the principle of our responsibility on the trust relationship with Native Americans.

Now look at this budget in context. It is 3-percent less than where we were in fiscal year 2011. That is 3-percent less than. As Senator Reed remarked, it is about flat with where we were in fiscal year 2012. I want to spend a few minutes on some of the key points of this budget.

CUTS AND EFFICIENCIES

The first are cuts and efficiencies in Government. This budget, as it has been presented, will result in a reduction of the Federal workforce at Interior by 591 full-time equivalents (FTE). We continue to look at how we do the job assigned to us by this Congress over the years and to do it in the right way with, frankly, fewer people. We are asking a lot of our people.

We also move forward with some program terminations and downsizing. Some of these cuts are painful cuts and they end up reflecting a \$517 million cut.

In administrative efficiencies, we have taken a hard look at how we are doing information technology, procurement, and other functions of the Department, and there is a total of \$207 million of administrative efficiencies that are also set forth in this budget. Cuts and efficiency in Government, we are going to be doing more. We are going to be doing it with less.

OIL AND GAS PRODUCTION

On jobs, with respect to energy, it is one of the hottest issues here in the Capitol these days. We continue to move forward with onshore oil and gas production, as well as offshore oil and gas production. The President has directed us and we are implementing the program to move forward with the program that produces America's domestic energy.

ENERGY

The budget reflects \$662 million for conventional energy resources. We are moving forward with a number of initiatives in the Gulf of Mexico. As Senator Murkowski said, we may be moving forward with some programs also in the Beaufort and the Chukchi Seas in Alaska and onshore in Alaska in places like the National Petroleum Reserve-Alaska, which had basically not been developed, and we are moving forward there as well. We have an aggressive program for oil and gas development, both onshore as well as offshore.

RENEWABLE ENERGY

The renewable energy effort contemplates \$86 million, which is really only about 1/10th of what we are putting in the conventional energy area, but still there. Our high priorities are to move forward with both offshore wind energy, as well as onshore solar, geothermal, and wind energy. By the end of this year, we expect to be at more than 10,000 megawatts permitted onshore in the United States of America. The 2005 energy bill that I worked with you all

on had a goal of less than that, and we actually will be surpassing the goals that were set forth in the act.

TOURISM

Let me finally just say outdoor recreation and tourism, it is important for all of you to note that wherever I have gone around the country, including with Senator Collins as we stood there at L.L. Bean, we spoke about the importance of tourism and conservation and job creation. Independent studies have indicated tourism and conservation, outdoor recreation, and historic preservation bring in about 8 million jobs to this country every year.

A report from McKinsey International indicates we can grow the economy from where it is today with an additional 2.1 to 3.3 million jobs over the next 10 years by investments in conservation and outdoor recreation. Hence, the request we have for LWCF and other investments in conservation.

INDIAN COUNTRY

Let me finally just say on tribal homelands, I am proud of the work we have done there. I think Assistant Secretary Larry Echo Hawk and his team have led the effort to make some of the most dramatic changes. Senator Tester spoke about some of the achievements just in the State of Montana. That has swept the country, and the Deputy Secretary, David Hayes, has been involved in many of those initiatives.

It is a new beginning in our relationship with Indian country. The 566 tribes of the United States recognize that. We recognize we have a lot more work to do. But when you look at programs like the beginning of the Navajo water supply pipeline that will bring for the first time potable water to the 70,000 Navajos on the reservation, we are making significant progress there. I am very proud of the work that we have done there.

PREPARED STATEMENT

In conclusion, Mr. Chairman, and distinguished friends and members of this subcommittee, this is a tight budget. It is a squeeze budget. There are painful cuts included.

I don't like many of them, frankly. I would rather be doing a lot more if we had that luxury. But it is a budget that is balanced, and it invests in job creation through energy, conservation—not just in this subcommittee, but also in other committees on the water side. We are doing a lot with water, tribal homelands, and I appreciate all the great work that all of you did in getting a fiscal year 2012 budget that allowed us to move forward with the plans for 2012.

So thank you all very much.

[The statement follows:]

PREPARED STATEMENT OF KEN SALAZAR

Mr. Chairman and members of the subcommittee, I am pleased to be here today to present the details of the fiscal year 2013 budget request for the Department of the Interior. I want to thank the members of this subcommittee for your efforts to enact a fiscal year 2012 appropriation. The fiscal year 2012 appropriations process was challenging for the Congress and the agencies—it required a coming together of diverse philosophies and views. We appreciate the support of this subcommittee for our priorities including the America's Great Outdoors Initiative, which enhances

our efforts to be responsible stewards of the Nation's lands and resources, expanded responsible development of domestic energy sources with reforms in the oil and gas programs, high levels of youth hiring and education in all of our programs, and support for improved living and economic conditions for American Indians and Alaska Natives. Last, I appreciate the ongoing support of this subcommittee and your strong interest in our programs. Although we may not always share the same views, we have been able to accomplish a lot in these last 3 years.

The fiscal year 2013 budget builds on this strong foundation with \$11.5 billion requested in the President's budget for the Department of the Interior. This includes \$10.5 billion for programs under the jurisdiction of the Interior, Environment, and Related Agencies Subcommittee and included in the Interior bill. The budget for current appropriations is \$140.3 million or 1 percent more than the fiscal year 2012 level. The request includes reductions and savings of \$516.8 million. We made difficult choices in this budget, sacrificing in many areas, deferring projects, and programming savings for efficiencies in order to maintain funding for key priorities and investments that will contribute to strengthening the economic vitality and well-being of the Nation.

As the President has detailed in his "Blueprint for an America Built to Last", the budget proposes investments in an economy that works for everyone. Our budget request supports responsible domestic energy development, advances an America's Great Outdoors Initiative to maintain our legacy and stimulate new opportunities, applies science to address the most formidable natural resource challenges, and invests in self-determination and economic development to strengthen tribal nations. This subcommittee has been an active partner in advancing these priorities. I look forward to our continued collaboration during the fiscal year 2013 appropriations process.

INTRODUCTION

The mission of the Department of the Interior is to protect and manage the responsible use of America's natural resources, support our cultural heritage, and honor the Nation's trust responsibilities to American Indians and Alaska Natives.

Interior's people and programs impact all Americans. According to a Department study, in 2010, Interior programs and activities supported more than 2 million jobs and approximately \$363 billion in economic activity. The Department is the steward of 20 percent of the Nation's lands. Interior manages the resources of the national parks, national wildlife refuges, and public lands and assists States, tribes, and others in the management of natural and cultural resources.

Interior manages many of the Nation's natural resources, including those that are essential for America's industry—oil and gas, coal, and minerals such as gold and uranium. On public lands and the Outer Continental Shelf (OCS), Interior provides access for renewable and conventional energy development and manages the protection and restoration of surface mined lands. The Department of the Interior oversees the responsible development of 24 percent of America's domestic oil and gas supplies, while striving to ensure safety and environmental protection and the effective collection of revenue from this development. We estimate that energy and minerals development on Federal lands supported 1.3 million jobs and \$246 billion in economic activity in 2010.

The Department is also the largest supplier and manager of water in the 17 Western States, promotes and assists others to conserve water and extend water supplies, and provides hydropower resources used to power much of the Country. The Department estimates that the use of water, timber, and other resources produced from Federal lands supported about 370,000 jobs and \$48 billion in economic activity.

Interior works to ensure that America's spectacular landscapes, unique natural life, and cultural resources and icons endure for future generations, tells and preserves the American story, and maintains the special places that enable the shared American experience. In 2012, visitors made 476 million visits to Interior-managed lands and supported an estimated \$47 billion in economic activity.

Interior manages and delivers water, arbitrates long-standing conflicts in water allocation and use, and actively promotes water conservation. As one of the Nation's primary natural and cultural resource stewards, the Department makes decisions regarding potential development on the public lands and offshore coastal areas that can greatly impact the Nation's energy future and economic strength. Factored into this balance is the Department's unique responsibility to American Indians and Alaska Natives. The Department supports cutting-edge research in the earth sciences—geology, hydrology, and biology—to inform resource management decisions at Interior and organizations across the world and in earthquake, volcano, and other

hazards to protect communities across the Nation. Maintaining and building the capacity to carry out these responsibilities on behalf of the American people is Interior's primary focus.

POWERING AMERICA'S ECONOMY

Stewardship of America's lands and natural resources is at the heart of the national spirit and the economy—from the responsible management and development of natural resources and increasingly, the economic power of outdoor recreation.

In 2011, the Department of the Interior generated a total of \$13.2 billion in receipts benefiting the U.S. Treasury—from a combination of fees, royalties, rents and bonuses from mineral, timber, and other natural resource development. The Department estimates that conventional and renewable energy produced on Interior lands and waters results in about \$230 billion in economic benefits each year. In 2011, of the total receipts generated by the Interior, \$11.3 billion was collected from energy production on public lands, tribal lands, and Federal offshore areas—a \$2 billion increase more than the previous year—with receipts disbursed and revenues shared among Federal, State, and tribal governments.

Since 2008, oil production from the Federal OCS has increased by 30 percent, from 450 million barrels to more than 589 million barrels in 2010. Balancing the need for safety and environmental enforcement, Interior currently manages 35 million acres of the OCS under active lease. A recently proposed 5-year oil and gas leasing program would make more than 75 percent of undiscovered technically recoverable oil and gas estimated on the OCS available for development.

Onshore, the Bureau of Land Management (BLM) held 32 onshore oil and gas lease sales in 2011. BLM offered 1,755 parcels of land covering nearly 4.4 million acres. Nearly three-quarters or 1,296 of those parcels of land offered were leased, generating about \$256 million in revenue for American taxpayers. This was a 20-percent increase in lease sale revenue more than 2010, following a strong year in which leasing reform helped to lower protests and increase revenue from onshore oil and gas lease sales on public lands. BLM recently has seen a 50-percent jump in industry proposals to lease for oil and gas exploration. Oil and gas companies nominated nearly 4.5 million acres of public minerals for leasing in 2011, up from just under 3 million acres the year before. Industry nominations are the first step in the BLM leasing process. After evaluating the parcels, BLM may offer them at auction. Successful bidders can then apply to drill for oil and gas.

Interior is moving aggressively to put the President's energy strategy, "Blueprint for a Secure Energy Future", into action and expand secure energy supplies for the Nation—a strategy that includes the responsible development of renewable energy sources on the public lands. At the start of this administration, there were no solar energy facilities sited on the public lands, and wind energy development was relatively limited compared to development on private lands. Since March 2009, 29 onshore projects that increased approved capacity for production and transmission of power have been approved including the first ever utility-scale solar project, five wind projects, and eight geothermal projects. The Cape Wind Energy Project, approved for construction and operation, is the first ever offshore commercial wind operation. The 2013 budget reflects an expansion of these accomplishments with the goal of permitting 11,000 megawatts by the end of 2013.

The President's "Blueprint for a Secure Energy Future" recognizes the economic potential of renewable energy development. The economic benefits could be particularly significant in America's remote and rural places near public lands. The Department's 2010 estimates identified nearly \$5.5 billion in economic impacts associated with renewable energy activities, a growing economic sector that supports high-paying jobs.

GROWING THE ECONOMY OUTDOORS

Interior is at the forefront of the administration's comprehensive effort to spur job creation by making the United States the world's top travel and tourism destination. In a recent statement, President Obama cited Department of Commerce figures showing that in 2010, international travel resulted in \$134 billion in U.S. exports. International travel to the United States is the Nation's largest service export industry, with 7 percent of total exports and 24 percent of service exports. The Bureau of Economic Analysis (BEA) estimates that every additional 65 international visitors to the United States can generate enough exports to support an additional travel and tourism-related job. According to the travel industry and BEA, international travel is particularly important as overseas or "long-haul" travelers spend on average \$4,000 on each visit.

President Obama has asked me to co-chair an interagency task force with Commerce Secretary John Bryson to develop a National Travel and Tourism Strategy to expand job creation by promoting domestic and international travel opportunities throughout the United States. A particular focus of the task force will be on strategies for increasing tourism and recreation jobs by promoting visits to the Nation's national treasures. The Department of the Interior manages iconic destinations in the national parks, wildlife refuges, cultural and historic sites, monuments, and other public lands that attract travelers from around the country and the globe. According to a Departmental study, in 2010, 437 million visits were made by American and international travelers to these lands, contributing \$47.9 billion in economic activity and 388,000 jobs. Eco-tourism and outdoor recreation also have an impact on rural economies, particularly in Arizona, California, Colorado, Florida, Nevada, North Carolina, Oregon, Utah, and Wyoming.

Interior is working to maximize the benefit of the outdoors for the millions of Americans at home. Hunting, fishing, and outdoor recreation contribute an estimated \$730 billion to the U.S. economy each year. More than 12 million Americans hunt; more than 30 million Americans fish; and 3 out of 4 Americans engage in some kind of healthy outdoor activity. One in 20 U.S. jobs is in the recreation economy.

Through the America's Great Outdoors Initiative, the administration continues to expand opportunities for recreation—through partnerships with States and others and the promotion of America's parks, refuges, and public lands. The fiscal year 2013 budget requests \$5.1 billion in support of this initiative, a \$145.6 million increase compared to fiscal year 2012. Funding is focused on programs supported through the Land and Water Conservation Fund (LWCF) land management operations, and other grant and technical assistance programs that promote conservation and improve recreational access.

By encouraging innovative partnerships in communities across the Nation, the administration is expanding access to rivers and trails, creating wildlife corridors, and promoting conservation while working to protect historic uses of the land including ranching, farming, and forestry. As part of the America's Great Outdoors Initiative, Interior is supporting 101 signature projects in all States across the Country to make parks accessible for children, create great urban parks and community green spaces, restore rivers, and create recreational blueways to power economic revitalization. Projects were selected in concert with Governors, tribal leaders, private landowners, and other stakeholders, and were evaluated based on the level of local support, the ability of States and communities to leverage resources, and the potential to conserve important lands and promote recreation.

An example of a multi-State partnership project is the Blackstone River Valley Greenway. This project, completed in partnership with Rhode Island and Massachusetts, will create a 50-mile blueway and greenway trail along the Blackstone River and the historic Blackstone Canal, connecting Providence, Rhode Island and Worcester, Massachusetts, and 12 cities and towns in between. Visitors and residents will experience the history of the American industrial revolution, enjoy nature and take advantage of numerous outdoor recreation options, including bicycling, walking, and canoeing. The project will celebrate and preserve what makes the Blackstone River Valley National Heritage Corridor a special place to live, work, and visit.

A key component of nearly all of the 101 projects is to increase access to the outdoors for the public. In Alaska, the Kachemak Bay Water Trail is proposed as a 125-mile designated water route, a key component of which is to maintain access to the bay. For the communities near Kachemak Bay, the water trail is envisioned as a new and sustainable economic driver. The trail would provide a logical route for boaters to explore the bay, promoting outdoor recreation, connecting people along the Bay, and expanding a culture of marine stewardship.

The America's Great Outdoors Initiative is being implemented in partnership with communities and stakeholders across the Country. In January of this year, I accepted the first donation of land in south-central Florida to officially establish the Everglades Headwaters National Wildlife Refuge and Conservation Area—conserving one of the last remaining grassland and longleaf pine savannah landscapes in Eastern North America. The new refuge and conservation area—the 556th unit of the National Wildlife Refuge System—was established with the support of local ranchers, farmers, and landowners who are working cooperatively with Interior and the Fish and Wildlife Service (FWS) to conserve the wildlife values on their lands while retaining their right to raise livestock or crops, an approach championed by the Obama administration.

The Everglades Headwaters National Wildlife Refuge and Conservation Area is one example of the new parks and refuges Interior has recently established to protect key natural and cultural resources for future generations. In addition to 650

miles of new national trails, designation of several national natural and historic landmarks, Interior welcomes the Martin Luther King, Jr. Memorial in Washington, DC; the Paterson Great Falls National Historical Park in New Jersey; the Fort Monroe National Monument in Virginia; the Dakota Grassland Conservation Area in North and South Dakota; New Mexico's first urban national wildlife refuge, the Middle Rio Grande National Wildlife Refuge in Albuquerque; and a signature America's Great Outdoors project in the Crown of the Continent Conservation Area in Montana. Interior launched significant efforts to protect America's enduring icons including upgrading the Statue of Liberty, initiating repairs to earthquake damage at the Washington Monument, and withdrawal of more than 1 million acres in the vicinity of the Grand Canyon from additional uranium and hardrock mining, to protect and preserve the natural beauty of the Grand Canyon.

Interior's fiscal year 2013 budget request for appropriations from the LWCF includes a total of \$450 million for Interior and United States Forest Service (USFS) program. The budget requests \$212 million for Federal land acquisition within national parks, national wildlife refuges, and BLM public land boundaries, including \$83.6 million for a collaborative program to support landscape-scale conservation projects developed in a collaborative process conducted by the USFS and Interior land management bureaus. Investments in ecologically important landscapes will be coordinated with State and local efforts to maximize ecosystem benefits, support at-risk species, and create wildlife corridors. The request includes \$128.4 million for acquisition to facilitate protection of parks, refuges, and BLM designated areas based on bureau mission-specific priorities.

The 2013 Federal land acquisition budget for BLM includes funding to will improve access for hunters and anglers to the public lands. Often these sportsmen and women are frustrated by complicated "checkerboard" land ownership and are unable to access BLM lands that provide recreation opportunities. The budget includes \$2.5 million that will be used to purchase easements to alleviate these challenges and provide improved access for public recreation.

An additional \$120 million is proposed for key grant programs supported by the LWCF, including \$60 million each for the Cooperative Endangered Species Conservation Fund program and State LWCF grants.

SPURRING GROWTH AND INNOVATION THROUGH SCIENCE

Investments in research and development promote economic growth and innovation, ensure American competitiveness in a global market, and are critical to achieving the mission of the Department of the Interior. Investments in Interior's research and development will improve management of U.S. strategic energy and mineral supplies, water use and availability, and natural hazard preparedness. Sustainable stewardship of natural resources requires strong investments in research and development in the natural sciences.

Research and development funding is increased by nearly \$60 million in the fiscal year 2013 budget, with research and development funding increases among all of the Interior bureaus, and particularly the United States Geological Survey, FWS, Bureau of Safety and Environmental Enforcement (BSEE), BLM, and Bureau of Reclamation (BOR). With these investments, Interior will support research that addresses critical challenges in energy production and the management of ecosystems, invasive species, public lands, and water.

Recent technology and operational improvements have led to increased use of hydraulic fracturing in developing natural gas resources. To ensure the prudent and sustainable development of this important source of domestic energy, economic development, and job creation, the fiscal year 2013 budget invests in research and development that proactively addresses concerns about the potential impacts of hydraulic fracturing on air, water, ecosystems, and earthquakes. The fiscal year 2013 budget supports a \$45 million interagency research and development initiative by the USGS, the Department of Energy, and the Environmental Protection Agency (EPA) aimed at understanding and minimizing potential environmental, health, and safety impacts of shale gas development and production through hydraulic fracturing.

The Bureau of Ocean Energy Management (BOEM) is working with the University of Texas and a team of arctic researchers on a 5-year comprehensive study of the Hanna Shoal ecosystem in the Chukchi Sea off Alaska's northwest coast. Past studies have identified this area as an important biological ecosystem, which supports a high concentration of marine life. Valuable data on physical and biological processes in the area obtained from this research effort will be combined with the results of previously conducted studies. The resulting information will be used by

industry, as well as by BOEM in decisions regarding energy development in this region, and will be included in future National Environmental Policy Act analyses.

In 2011, USGS used cutting-edge technology to complete the genome sequencing of the fungus that causes the skin infection that is a hallmark of the white-nose syndrome, which is decimating bat populations across the country. This sequencing will support further research that is necessary to develop management strategies to mitigate the spread of the syndrome among bats. Recognizing the impact of this is not limited to wildlife health, USGS and university partners produced a study which determined that bats contribute \$3.7 billion to the agricultural economy by eating pests that are harmful to agricultural and forest commodities. The fiscal year 2013 budget provides \$1.8 million for USGS to conduct further research and development to address this critical issue.

In fiscal year 2013, the budget requests a \$2 million increase in the BLM wild horse and burro program to fund research on contraception/population control. Research may include topics such as studies on herd genetics, animal behavior, and overall rangeland use as it relates to sterilization and other population growth suppression techniques. The goal of the research will be to develop additional methods to minimize wild horse population growth and maintain herd health.

DELIVERING SUSTAINABLE GROWTH THROUGH WATER

Although BOR is within the jurisdiction of the Energy and Water Development Subcommittee, it plays a critical role in addressing the Nation's water challenges which are of interest to the subcommittee. BOR maintains 476 dams and 348 reservoirs with the capacity to store 245 million acre-feet of water. BOR manages water for agricultural, municipal and industrial use, and provides flood control and recreation for millions of people. BOR's activities, including recreation, generate estimated economic benefits of more than \$55 billion and support nearly 416,000 jobs.

These facilities deliver water to 1 in every 5 western farmers to irrigate about 10 million acres of land, and provide water to more than 31 million people for municipal and industrial uses and other nonagricultural uses. The water managed by Interior irrigates an estimated 60 percent of the Nation's vegetables each year. BOR facilities also reduce flood damages in communities where they are located and thereby create an economic benefit by sparing these communities the cost of rebuilding or replacing property damaged or destroyed by flood events.

WaterSMART, established in 2010, has assisted communities in improving conservation, increasing water availability, restoring watersheds, resolving long-standing water conflicts, addressing the challenges of climate change, and implementing water rights settlements. The program has provided more than \$85 million in funding to non-Federal partners, including tribes, water districts, and universities, including \$33 million in 2011 for 82 WaterSMART grant projects. In December, Interior released a report on the effectiveness of the WaterSMART program, which demonstrates the importance of this work to the sustainability of resources in the Colorado River Basin.

Another example of Interior's efforts to stretch water resources is the Yuma Desalting Plant in Arizona. BOR recently completed a year-long pilot operation of the plant in collaboration with California, Arizona, and Nevada water agencies. The pilot demonstrated the capability of the plant to augment Lower Colorado River supplies and produced sufficient water for use by about 116,000 people in a year. BOR and the regional water agencies are reviewing the results of this effort to evaluate the potential for long-term and sustained operation of the desalting plant.

ENCOURAGING ECONOMIC DEVELOPMENT IN INDIAN COUNTRY AND HONORING TRUST RESPONSIBILITIES

The Department has a unique responsibility to American Indians and Alaska Natives, which is upheld by Interior's support for a robust Government-to-government relationship as demonstrated by a new comprehensive and transparent consultation policy that ensures there is a strong, meaningful role for tribal governments. The Department and the President hosted the third White House Tribal Nations Conference in December 2011, bringing together tribal leaders from across the United States and enabling tribal leaders to interact directly with administration representatives and identify priority actions for American Indians and Alaska Natives.

In 2011, Interior began planning to implement the landmark \$3.4 billion settlement of the *Cobell v. Salazar* lawsuit, and appointed a Secretarial Commission on Trust Administration and Reform to oversee implementation of the settlement agreement. The commission is undertaking a forward looking, comprehensive evaluation of Interior's management of nearly \$4 billion in American Indian and tribal

trust funds—with the goal of making trust administration more transparent, responsive, customer focused, and accountable.

The Department held regional consultations across the Country to set the framework for the *Cobell* land consolidation program. The settlement establishes a \$1.9 billion fund for the voluntary buy-back and consolidation of fractionated land interests to provide individual American Indians with an opportunity to obtain cash payments for divided land interests and consolidate holdings for economic and other uses, a significant benefit for tribal communities. Almost 4 million individually owned interests involving nearly 9 million acres have been identified as part of this effort.

To further encourage and speed up economic development in Indian country, the Department took a significant step forward announcing the sweeping reform of antiquated, “one-size-fits-all” Federal leasing regulations for the 56 million surface acres the Federal Government holds in trust for tribes and individual Indians. The proposed rule identifies specific processes—with enforceable timelines—through which the Bureau of Indian Affairs (BIA) must review leases. The regulation establishes separate, simplified processes for residential, business, and renewable energy development, so that, for example, a lease for a single family home is distinguished from a large solar energy project. The proposed regulation incorporates many changes requested by tribal leaders during extensive consultations this past year to better meet the goals of facilitating and expediting the leasing process for trust lands. During the initial consultation period more than 2,300 comments were received from more than 70 tribes as well as several Federal agencies, including the Departments of Housing and Urban Development, and Agriculture, and the Internal Revenue Service. The BIA regulatory drafting workgroup is expected to review the comments and publish the final rule in 2012.

The Claims Resolution Act of 2010 settled the *Cobell* lawsuit and four settlements that will provide permanent water supplies and economic security for the five New Mexico Pueblos of Taos, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona. The agreements will enable construction and improvement of reservation water systems, irrigation projects, a regional multi-pueblo water system, and codify water-sharing arrangements between Indian and neighboring communities. The primary responsibility for constructing water systems associated with the settlements was given to the BOR and BIA is responsible for the majority of the trust funds.

BOR is requesting \$21.5 million in fiscal year 2013 for the continued implementation of these four settlements and \$25 million for the Navajo-Gallup Water Supply project. In total, the BIA budget includes \$36.3 million for ongoing Indian land and water settlements, which includes \$9.5 million for the seventh and final payment for the Nez Perce/Snake River Water Rights Settlement.

A key responsibility for BIA is ensuring and improving the safety of Indian communities. Some Indian reservations experience violent crime rates that are twice the national average. The high crime rates are a key issue for tribal leaders as they degrade the quality of life for residents, attract organized crime, and are a real disincentive for businesses to consider these communities for economic development. Fiscal year 2011 was the second year of a 2-year pilot at four reservations to conduct expanded community policing, equip and train the law enforcement cadre, partner with the communities to organize youth groups and after school programs, and closely monitor results. The results exceeded expectations with a 35-percent overall decrease in violent crime in the four communities. Information about the four reservations is being analyzed and the program will be expanded in 2013 to an additional two communities. The fiscal year 2013 budget includes \$353.9 million for public safety and justice programs, a program increase of \$8.5 million to support this expansion and other public safety activities.

INTERIOR’S BUDGET IN CONTEXT

President Obama has challenged agencies to encourage American innovation, employ and educate young people, rebuild America, and promote economic development. Interior’s fiscal year 2013 budget invests in areas that are responsive to these challenges and more. This budget continues funding for important programs that will protect the Nation’s significant natural resources and cultural heritage, makes strategic investments in energy development, advances partnerships to leverage resources, and seeks improved outcomes for Indian communities. At the same time, this budget recognizes the need for fiscal responsibility. The priority programs that are level funded with fiscal year 2012 and limited strategic investments proposed in fiscal year 2013 are balanced by reductions in lower-priority programs, deferrals, and planning efficiencies.

Taking Fiscal Responsibility.—Interior made its fiscal year 2013 budget decisions in the context of the challenging fiscal environment. The fiscal year 2013 budget of \$11.5 billion, including BOR, eliminates and reduces lower-priority programs, defers project start-ups, reduces duplication, streamlines operations, and captures savings. The fiscal year 2013 request is \$97.9 million, essentially level with fiscal year 2012 enacted and \$280.4 million less than 2011.

The fiscal year 2013 budget contains \$516.8 million in program terminations, reductions, and savings from administrative efficiencies. Staffing reductions of 591 full-time equivalents (FTEs) are planned for fiscal year 2013, a reduction of 741 FTEs from fiscal year 2011 levels. These personnel reductions are focused on areas where there are funding reductions. Staffing reductions will be achieved through attrition and buy-outs in order to minimize the need to conduct reductions in force to the greatest extent possible.

This budget is responsible, with strategic investments in a few, targeted areas, and maintains the core functions that are vital to uphold stewardship responsibilities and sustain key initiatives. The budget also continues efforts to shift program costs to industry where appropriate. Permanent funding that becomes available as a result of existing legislation without further action by the Congress results in an additional \$6 billion, for \$17.5 billion in total budget authority for Interior in fiscal year 2013.

Administrative Savings.—As part of the administration's Campaign to Cut Waste, the Department will achieve additional administrative efficiencies that result in cumulative savings of \$207 million from fiscal year 2010 to 2013. These reductions are being implemented throughout Interior and result from changes in how the Department manages travel, employee relocation, acquisition of supplies and printing services, and the use of advisory services. The proposed savings in administrative functions will not have an impact on programmatic performance, and to the greatest extent possible savings will be redirected into priority programmatic areas.

The Department's 2013 budget reflects a freeze on Federal salaries for fiscal year 2012 and a 0.5 percent pay increase in 2013. The budget fully funds fixed costs for the civilian pay increase, anticipated changes in the Federal contributions to health benefits, rent increases, changes in workers and unemployment compensation costs, programs financed through the Working Capital Fund, and specific contract requirements for Public Law 93–638 agreements with tribes.

Cost Recovery.—Significant portions of Interior's budget are funded by cost recovery, offsetting collections, and discrete fees linked to uses of lands and resources. The budget proposes to increase cost recovery to offset the cost of some resource development activities that provide clear benefits to customers. The proposed fees on oil and gas inspections are consistent with the recommendations of the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling. The Commission's report stated the oil and gas industry should be "required to pay for its regulators" so that the costs of regulation "would no longer be funded by taxpayers but instead by the industry that is permitted to have access to a publicly owned resource."

The budget includes \$48 million from new inspection fees to be paid by onshore oil and gas producers. Instituting these fees will allow for a \$10 million program increase to be used to strengthen the BLM inspection program, along with a \$38 million decrease in current appropriations for BLM as a whole. Similar fees were proposed in fiscal year 2012, but not adopted due to concerns about impacts on the producers. The fees would be on average, 0.2 percent of the annual income collected by the producers. In addition to the proposed onshore inspection fees, estimated fee collections from the offshore oil and gas inspections instituted in fiscal year 2012 are slightly increased in fiscal year 2013 to \$65 million. This fee-based funding is critical to maintaining the administration's aggressive implementation of a robust offshore safety program.

The fiscal year 2013 budget proposes a new grazing administrative fee of \$1 per animal unit month (AUM) on a 3-year pilot basis. The fee is estimated to generate \$6.5 million in 2013 and will be used to assist BLM in processing grazing permits. During the period of the pilot, BLM would work through the process of promulgating regulations for the continuation of the grazing fee as a cost-recovery fee after the pilot expires.

The fiscal year 2013 budget continues an offsetting collection initiated in 2012, allowing the Office of Surface Mining (OSM) to retain coal mine permit application and renewal fees for the work performed as a service to the coal industry. An estimated \$3.4 million will be collected in 2013.

MAJOR CHANGES IN THE FISCAL YEAR 2013 REQUEST

The Department's fiscal year 2013 budget request totals \$11.5 billion in current authority including \$10.5 billion for programs funded by the Department of the Interior, Environment, and Related Agencies Appropriations Act, 2012. This is \$140.3 million, or 1.4 percent more than the fiscal year 2012 level. The fiscal year 2013 request for BOR including the Central Utah Project Completion Act, funded in the Energy and Water Development Appropriations Act, 2012, is \$1 billion in current appropriations, \$42.4 million or 3.9 percent less than the fiscal year 2012 level.

Interior continues to generate more revenue for the U.S. Treasury than its annual appropriation. In fiscal year 2013, Interior will generate receipts of approximately \$13.9 billion and propose mandatory legislation with a total net savings of roughly \$2.5 billion over 10 years.

Bureau of Land Management.—The fiscal year 2013 request is \$1.1 billion, essentially level with the fiscal year 2012 enacted budget. This includes a decrease of \$8.2 million for BLM's two operating accounts, an increase of \$11.2 million for land acquisition, and a reduction of \$3.6 million that eliminates the construction account.

To advance the America's Great Outdoors Initiative, the request includes \$6.3 million in programmatic increases for recreation, cultural resources, and the National Landscape Conservation System for BLM to expand and improve opportunities for recreation, education, and scientific activities while enhancing the conservation and protection of BLM-managed lands and resources.

BLM will continue to promote and facilitate the development of renewable energy on public lands, as part of the New Energy Frontier Initiative. The fiscal year 2013 budget includes a program increase of \$7 million for renewable energy to support wind, solar, and geothermal energy. An additional \$13 million in program increases are requested to maintain and strengthen management of the oil and gas program, along with a requested \$10 million increase in mandatory funding specifically focused on strengthening BLM's oil and gas inspection program. These increases would be more than offset by \$48 million in proposed inspection fees to shift the cost of the oil and gas inspection and enforcement activity from taxpayers to the oil and gas industry.

The other major program increase is \$15 million to implement sage grouse conservation and restoration measures to help prevent the future listing of the species for protection under the Endangered Species Act. BLM will use \$10 million of the requested increase to incorporate the necessary protections into BLM's land use plans to address conservation of the sage grouse. These plans will guide energy development, transportation, and other uses and ensure conservation of sage grouse habitat. The remaining \$5 million funds on-the-ground projects to restore and improve sage grouse habitat and additional inventory, monitoring, and mapping efforts to delineate areas of highest-priority habitat in the range of the sage grouse. Other program increases in the BLM budget include \$1.5 million for the Secretary's Western Oregon Strategy, \$2 million for research and development on population control in the Wild Horse and Burro Management program, and \$4.4 million in the Resource Management Planning program to support high-priority planning efforts.

A \$15.8 million program decrease is proposed in the Rangeland Management program, however, the impact of this funding decrease will be mitigated by a new grazing administrative processing fee of \$1 per AUM that BLM proposes to implement on a pilot basis through appropriations language, estimated to raise \$6.5 million in 2013. The fiscal year 2013 budget reduces programmatic funding for the Alaska Conveyance program by \$12.4 million from the fiscal year 2012 level. Interior will explore opportunities to further streamline the program. A \$3.5 million program reduction is proposed in the Public Domain Forest Management program.

Bureau of Ocean Energy Management.—The fiscal year 2013 operating request is \$164.1 million, including \$62.7 million in current appropriations and \$101.4 million in offsetting collections. This is an increase of \$3.3 million more than the fiscal year 2012 enacted level.

The fiscal year 2013 budget includes program increases of \$2 million from the fiscal year 2012 enacted level for activities to promote offshore conventional and renewable energy development that is safe and environmentally responsible. Increased funding will be used to develop baseline characterization and monitoring capabilities in the Gulf of Mexico that are required as a result of the Deepwater Horizon incident, as well as to support renewable energy lease auctions.

Bureau of Safety and Environmental Enforcement.—The fiscal year 2013 operating request is \$222.2 million, including \$96.3 million in current appropriations and \$125.9 million in offsetting collections. This is an increase of \$24.8 million more than the fiscal year 2012 enacted level. The \$4.8 million increase for offsetting collections includes an estimated \$3 million increase in inspection fee collections.

The fiscal year 2013 budget includes funds to increase operational safety capabilities, develop the National Offshore Training and Learning Center for inspectors, and conduct research and development activities on critical safety systems associated with offshore oil and gas development.

Office of Surface Mining.—The fiscal year 2013 budget request is \$140.7 million, a decrease of \$9.5 million from the fiscal year 2012 enacted level. The reduction reflects decreases in grants to States and tribes to encourage regulatory programs to recover costs from fees charged to the coal industry and finalize the transition of abandoned mine land reclamation from discretionary to mandatory funding.

I signed a Secretarial Order on October 26, 2011, to review certain functions of OSM and BLM for potential consolidation. As part of this effort, I asked the Directors of OSM and BLM and other Interior officials to report by February 15, 2012, on the results of discussions with the BLM's employees, congressional committees, and interested parties, such as tribes, State regulatory officials, industry representatives, and representatives of communities affected by coal mining. Our efforts in consolidation will respect existing law and identify actions that will strengthen these two bureaus.

United States Geological Survey.—The USGS budget request is \$1.1 billion, \$34.5 million more than the fiscal year 2012 enacted level. The President's budget supports science, monitoring, and assessment activities that are critical to understanding and managing the ecological, mineral, and energy resources that underlie the prosperity and well-being of the Nation. The fiscal year 2013 budget includes a program increase of \$51 million to fund research and development priorities in disaster response, hydraulic fracturing, coastal and ocean stewardship, and ecosystem restoration. The budget also supports the Secretary's initiatives in responsible energy development and further resolution of water challenges with funding more than the fiscal year 2012 enacted level.

The USGS budget also includes investments in important science programs to help meet societal needs. A program increase of \$13 million more than fiscal year 2012 for the WaterSMART Program will be used to conduct research on predictive models on regional water availability, explore methods of integrating and disseminating data through science platforms, and establish a National Groundwater Monitoring Network.

A program increase of \$8.6 million is requested to improve rapid disaster response to natural disasters. Funding will be used to improve capacity to provide timely and effective science and information products to decisionmakers, in order to minimize the risks hazards pose to human and natural systems. Funding will be invested in capability improvements to the USGS monitoring networks for rapid response to earthquakes, volcanoes, volcanic ash, debris flow, tsunamis, floods, hurricanes, and other potential threats to populations and infrastructure.

The budget includes a program increase of \$13 million to support the hydraulic fracturing research and development effort with the Department of Energy and EPA to understand and minimize potential adverse environmental, health, and safety impacts of shale gas development through hydraulic fracturing. New work will build on existing efforts and address issues such as water quality and quantity, ecosystem impacts, and induced seismicity.

With a program increase of \$16.2 million, USGS will conduct science in support of ecosystem management for priority ecosystems such as the Chesapeake Bay, California Bay-Delta, Columbia River, Everglades, Puget Sound, Great Lakes, Upper Mississippi River, and the Klamath Basin. With an increase of \$2 million, the USGS will address overarching ecosystem issues related to the invasive brown tree snake, white-nose syndrome in bats, and coral reef health. These increases will provide information management and synthesis and land change science support for these ecosystem activities. Included in the total above is \$500,000 identified for research efforts through the Department of the Interior Climate Science Centers to enhance work with tribes to understand the impacts of climate change on tribal lands. Funding increases will also support priorities in sustaining our national environmental capital, including development of the first coordinated multi-departmental effort of its kind to develop a standardized ecosystem services framework.

The fiscal year 2013 budget also provides a program increase of \$6.8 million to sustain and enhance existing activities and for a new initiative on Science for Coastal and Ocean Stewardship that supports priority objectives of the National Ocean Policy in the areas of marine and coastal science, resource and vulnerability assessments, ecosystem-based management, and providing science based tools to inform policy and management. The USGS will work with partners to provide access to comprehensive maps and assessments of seabed and coastal conditions and vulnerability. The increase will improve the integrated science needed to inform development of resources while conserving the Nation's coastal and marine ecosystems.

Fish and Wildlife Service.—The fiscal year 2013 budget includes \$1.5 billion, an increase of \$72 million more than the fiscal year 2012 enacted level. In addition, the budget includes a \$200 million cancellation of prior year unobligated balances in the Coastal Impact Assistance program. The budget includes America's Great Outdoors Initiative increases of \$20.9 million in the Resource Management account and \$52.3 million for land acquisition. There is a \$3.9 million increase in the North American Wetlands grants program, a component of the America's Great Outdoors Initiative. State and Tribal Grants are funded at \$61.3 million, level with fiscal year 2012. Funding for the construction account is reduced by \$3.9 million.

The budget proposes a program increase of \$4 million for activities associated with energy development. This enables FWS to participate fully in priority landscape level planning and assist industry and State fish and wildlife agencies as they plan for renewable energy projects and transmission corridor infrastructure. The fiscal year 2013 budget continues the commitment to ecosystem restoration by including \$13.5 million for the Everglades, an increase of \$3 million; \$4.9 million for California's Bay-Delta, level with fiscal year 2012; \$10.2 million for the gulf coast, level with fiscal year 2012; \$10.3 million for the Chesapeake Bay, a program increase of \$145,000; and \$47.8 million for the Great Lakes, a program increase of \$2.9 million. Funding for the Cooperative Landscape Conservation and Adaptive Science activity is \$33.1 million, an increase of \$856,000. This funding supports the operation of 14 Landscape Conservation Cooperatives.

The budget includes \$994.7 million available under permanent appropriations, most of which will be provided in grants to States for fish and wildlife restoration and conservation.

The fiscal year 2013 budget proposes a reduction of \$14 million to eliminate the discretionary contribution to the National Wildlife Refuge Fund payments to counties to offset local tax loss due to Federal land ownership. An estimated \$8 million in mandatory receipts collected and allocated under the program would remain. Payments collected by counties can be used for nonconservation purposes and as such, this Fund does not provide the high-priority conservation benefits delivered by other FWS programs. The budget also proposes the cancellation of \$200 million in prior year balances within the Coastal Impact Assistance Program.

National Park Service.—The fiscal year 2013 budget includes \$2.6 billion, \$1 million less than the fiscal year 2012 enacted level. Within the total available for National Park Service in 2013, \$2.4 billion is for programs that support the goals of the America's Great Outdoors Initiative. The budget proposes strategic increases to advance the goals of the initiative, including increases of \$13.5 million for park operations and \$17.5 million for land acquisition and State assistance. The budget proposes reductions of \$7.8 million in the national recreation and preservation account from the National Heritage Areas program, and \$24.2 million from construction. The request for the Historic Preservation Fund is level with fiscal year 2012—grants to States and tribes are continued at the fiscal year 2012 level of \$55.9 million.

Select programmatic increases in the park operations account include \$5 million for Climate Change Adaptive Management tools, \$2 million for U.S. Park Police operations including \$1.4 million in support of the Presidential Inauguration, \$1.2 million for National Capital Area parks in support of the Presidential Inauguration, and \$610,000 for the Challenge Cost Share program. These increases are offset with strategic reductions of \$24.8 million to park operations and service-wide programs.

Funding for land acquisition and State assistance totals \$119.4 million and includes a programmatic increase of \$2.5 million for Federal land acquisition. The land acquisition proposal includes \$9 million for matching grants to States and local entities to preserve and protect Civil War battlefield sites outside the National Park System. The budget also requests a programmatic increase of \$15.1 million for the State Assistance Grant program. The \$60 million request for State Grants includes \$20 million for competitive grants that support urban parks and green spaces, blueways, and landscape-level conservation projects in communities that need them the most.

Funding for construction includes a programmatic reduction of \$25.3 million for line-item construction projects, however, the budget proposes funding for the most critical health and safety projects in the National Park System. It also includes programmatic reductions of \$1.5 million from construction program management and planning, \$760,000 from the housing improvement program, \$443,000 from construction planning, \$450,000 from management planning, and \$228,000 from equipment replacement.

Bureau of Indian Affairs.—The fiscal year 2013 budget includes \$2.5 billion for BIA programs, a decrease of \$4.6 million from the fiscal year 2012 enacted level. This includes an increase of \$11.7 million for Operation of Indian Programs and a

decrease of \$17.7 million in the construction account. The budget includes an increase of \$3.5 million in Indian Land and Water Claim Settlements and a decrease of \$2.1 million in the Indian Guaranteed Loan program.

In fiscal year 2013, the largest increase, \$8.8 million, is in Contract Support Costs and the Indian Self-Determination Fund, both high priorities for tribes. Public safety and justice activities receive a program increase of \$8.5 million to support additional police officers and detention corrections staff.

The budget proposes program increases of \$7.8 million for the Trust Natural Resources programs and \$7 million for Trust Real Estate Services programs. Funding increases for Trust Land Management programs are proposed to assist tribes in the management, development, and protection of Indian trust land and natural resources. The budget proposes a \$2.5 million program increase to support increasing enrollment at tribal colleges.

The fiscal year 2013 request reflects a reduction of \$19.7 million as the Bureau will undergo a consolidation in 2013 to streamline and improve oversight operations. The BIA will engage in extensive consultation with tribes to identify strategies that will ensure tribal needs and priorities are addressed. Following consultation, BIA will construct an implementation plan for a streamlined, cost-effective organization. The budget also includes \$13.9 million in administrative savings from reductions to fleet, travel, contractors, and awards.

Departmental Offices and Departmentwide Programs.—The fiscal year 2013 request for the Office of the Secretary is \$261.6 million, a reduction of \$266,000 from the fiscal year 2012 enacted level. Of this, \$119.6 million is for Office of Natural Resources Revenue including a program increase of \$1.2 million to complete termination of the Royalty-in-Kind program and a program decrease of \$2.3 million for completed information management system upgrades. The budget for the Office of the Secretary includes a program increase of \$1.6 million for minerals receipts modeling development to improve revenue estimation and reporting capabilities and a program increase of \$2 million for facilities rent necessitated by the delay in the Main Interior Building modernization project. Other changes include a general program reduction of \$3.7 million and the transfer of the Indian Arts and Crafts Board from the Office of the Secretary to BIA resulting in a reduction of \$1.3 million.

The Department's fiscal year 2013 request for the Working Capital Fund appropriation is \$70.6 million, an increase of \$8.7 million from the fiscal year 2012 enacted level. Within this request is \$62.1 million to continue deployment of the Financial and Business Management System including implementation of the acquisition and financial assistance functionality as recommended by an independent assessment of the program. The budget proposes an increase of \$3.5 million to improve Interior's stewardship of its cultural and scientific collections and an increase of \$2.5 million to expand collaboration similar to the Service First to improve delivery and operating costs. Proposed reductions include \$5 million to reflect the shift of the Department's Information Technology Transformation initiative from appropriated funds to the Departmental Working Capital fund and \$2.5 million for completion of the Department's Acquisition Improvement Initiative.

Major changes in other Departmental programs include an increase of \$243 million in the Wildland Fire Management program. The net increase is comprised of a program increase of \$195.8 million that fully funds the 10-year suppression average and a program reduction of \$39 million in the Hazardous Fuels Reduction program reflecting a refocusing of the program toward treatments in the wildland-urban interface.

The budget request for the Office of Insular Affairs is \$88 million, a decrease of \$16.4 million from the fiscal year 2012 enacted level. The budget includes \$5 million to mitigate the impacts and costs of Compact migration and \$3 million to implement energy projects identified by the territories' sustainable energy strategies. Funding of \$13.1 million for the Palau Compact is not requested for 2013 as it is expected the Compact will be authorized in 2012.

The Office of the Special Trustee request is \$146 million, \$6.1 million less than the 2012 enacted level. The fiscal year 2013 request includes a program increase of \$3 million for the Office of Trust Review and Audit to conduct compliance audit reviews for Interior bureaus. The budget includes program decreases of \$9.9 million for streamlining, administrative savings, and the completion of certain trust reform activities.

MANDATORY PROPOSALS

In fiscal year 2013, Interior will collect \$13.9 billion in receipts and distribute \$6 billion in permanent funding without further appropriation for a variety of purposes, under current law. The budget includes 13 legislative proposals that will be

submitted to the Congress to collect a fair return to the American taxpayer for the sale of Federal resources, to reduce unnecessary spending, and to extend beneficial authorities of law. Together these proposals will save a net total of approximately \$2.5 billion over the next decade.

Reform Coal Abandoned Mine Land Reclamation.—The administration proposes to reform the coal Abandoned Mine Lands program to reduce unnecessary spending and ensure the Nation's highest-priority sites are reclaimed. First, the budget proposes to terminate the unrestricted payments to States and tribes that have been certified for completing their coal reclamation work because these payments do not contribute to abandoned coal mine lands reclamation. Second, the budget proposes to reform the distribution process for the remaining funding to competitively allocate available resources to the highest-priority coal abandoned mine lands sites. Through a competitive grant program, a new Abandoned Mine Lands Advisory Council will review and rank the abandoned coal mine lands sites, so OSM can distribute grants to reclaim the highest-priority coal sites each year. These reforms will focus available coal fees to better address the Nation's most dangerous abandoned coal mines while saving taxpayers \$1.1 billion over the next 10 years.

Create a Hardrock Abandoned Mine Reclamation Fund.—To address the legacy of abandoned hardrock mines across the United States, the administration will propose legislation to create a parallel Abandoned Mine Lands program for abandoned hardrock sites. Hardrock reclamation would be financed by a new abandoned mine lands fee on the production of hardrock minerals on both public and private lands. BLM would distribute the funds through a competitive grant program to reclaim the highest-priority hardrock abandoned sites on Federal, State, tribal, and private lands. This proposal will hold hardrock mining companies accountable for cleaning up the hazards left by their predecessors while generating \$500 million in savings over 10 years.

Reform Hardrock Mining on Federal Lands.—The administration will submit a legislative proposal to provide a fair return to the taxpayer from hardrock production on Federal lands. The legislative proposal would institute a leasing program under the Mineral Leasing Act of 1920 for certain hardrock minerals including gold, silver, lead, zinc, copper, uranium, and molybdenum, currently covered by the General Mining Law of 1872. After enactment, mining for these metals on Federal lands would be governed by the new leasing process and subject to annual rental payments and a royalty of not less than 5 percent of gross proceeds. One-half of the receipts would be distributed to the States in which the leases are located and the remaining half would be deposited in the Treasury. Existing mining claims would be exempt from the change to a leasing system but would be subject to increases in the annual maintenance fees under the General Mining Law of 1872. Holders of existing mining claims for these minerals could, however, voluntarily convert claims to leases. ONRR will collect, account for, and disburse the hardrock royalty receipts. The proposal is projected to generate revenues to the U.S. Treasury of \$80 million over 10 years.

Fee on Nonproducing Oil and Gas Leases.—The administration will submit a legislative proposal to encourage energy production on lands and waters leased for development. A \$4 per-acre fee on nonproducing Federal leases on lands and waters would provide a financial incentive for oil and gas companies to either get their leases into production or relinquish them so the tracts can be leased to and developed by new parties. The proposed \$4 per-acre fee would apply to all new leases and would be indexed annually. In October 2008, the Government Accountability Office issued a report critical of past efforts by Interior to ensure companies diligently develop their Federal leases. Although the report focused on administrative actions the Department could undertake, this proposal requires legislative action. This proposal is similar to other nonproducing fee proposals considered by the Congress in the last several years. The fee is projected to generate revenues to the U.S. Treasury of \$13 million in fiscal year 2013 and \$783 million over 10 years.

Net Receipts Sharing for Energy Minerals.—The administration proposes to make permanent the current arrangement for sharing the cost to administer energy and minerals receipts, beginning in 2014. Under current law, States receiving significant payments from mineral revenue development on Federal lands also share in the costs of administering the Federal mineral leases from which the revenue is generated. In fiscal year 2013, this net receipts sharing deduction from mineral revenue payments to States would be implemented as an offset to the Department of the Interior, Environment, and Related Agencies Appropriations Act, 2012, consistent with identical provisions included in the act since 2008. Permanent implementation of net receipts sharing is expected to result in savings of \$44 million in 2014 and \$449 million over 10 years.

Repeal Oil and Gas Fee Prohibition and Mandatory Permit Funds.—The administration proposes to repeal portions of section 365 of the Energy Policy Act, beginning in 2014. Section 365 diverted mineral leasing receipts from the U.S. Treasury to a BLM Permit Processing Improvement Fund and also prohibited BLM from establishing cost recovery fees for processing applications for oil and gas permits to drill. The Congress has implemented permit fees through appropriations language for the last several years and the fiscal year 2013 budget proposes to continue this practice. Upon elimination of the fee prohibition, BLM will promulgate regulations to establish fees for applications for permits to drill administratively, with fees starting in 2014. In combination with normal discretionary appropriations, these cost recovery fees will then replace the applications for permits to drill fees currently set annually through appropriations language and the mandatory permit fund, which would also be repealed starting in 2014. Savings from terminating this mandatory funding are estimated at \$18 million in 2014 and \$36 million over 2 years.

Geothermal Energy Receipts.—The administration proposes to repeal section 224(b) of the Energy Policy Act of 2005. Prior to passage of this legislation, geothermal revenues were split between the Federal Government and States with 50 percent directed to States, and 50 percent to the Treasury. The Energy Policy Act of 2005 changed this distribution beginning in 2006 to direct 50 percent to States, 25 percent to counties, and for a period of 5 years, 25 percent to a new BLM Geothermal Steam Act Implementation Fund. The allocations to the new BLM geothermal fund were discontinued a year early through a provision in the Interior, Environment, and Related Agencies Appropriations Act, 2010. The repeal of section 224(b) will permanently discontinue payments to counties and restore the disposition of Federal geothermal leasing revenues to the historical formula of 50 percent to the States and 50 percent to the Treasury. This results in savings of \$4 million in 2013 and \$50 million over 10 years.

Deep Gas and Deepwater Incentives.—The administration proposes to repeal section 344 of the Energy Policy Act of 2005. Section 344 mandated royalty incentives for certain “deep gas” production on the OCS. This change will help ensure Americans receive fair value for federally owned mineral resources. Based on current oil and gas price projections, the budget does not assume savings from this change; however, the proposal could generate savings to the Treasury if future natural gas prices drop below current projections.

Repeal of Authorities To Accept Royalty Payments in Kind.—The administration proposes to solidify a recent Departmental reform terminating the Royalty-in-Kind program by repealing all Interior authorities to accept future royalties through this program. This change will help increase confidence that royalty payments will be properly accounted for in the future. The budget does not assume savings from this change because the administration does not anticipate restarting the program; however, if enacted, this proposal would provide additional certainty that a new Royalty-in-Kind program could not be initiated at some point in the future.

Federal Land Transaction Facilitation Act.—The administration proposes to reauthorize this act that expired July 25, 2011, and allow lands identified as suitable for disposal in recent land use plans to be sold using the act’s authority. The sales revenues would continue to be used to fund the acquisition of environmentally sensitive lands and to cover the administrative costs associated with conducting sales.

Federal Migratory Bird Hunting and Conservation Stamps.—Federal Migratory Bird Hunting and Conservation Stamps, commonly known as Duck Stamps, were originally created in 1934 as the annual Federal license required for hunting migratory waterfowl. Today, 98 percent of the receipts generated from the sale of these \$15 stamps are used to acquire important migratory bird areas for migration, breeding, and wintering. The price of the Duck Stamp has not increased since 1991, while the cost of land and water has increased significantly. The administration proposes to increase these fees to \$25 per stamp per year, beginning in 2013. Increasing the cost of Duck Stamps will bring the estimate for the migratory bird conservation account to approximately \$58 million. With these increased receipts, the Department anticipates additional acquisition of approximately 7,000 acres in fee and approximately 10,000 acres in conservation easement in 2013. Total acres acquired for 2013 would then be approximately 28,000 acres in fee title and 47,000 acres in perpetual conservation easements.

Compact of Free Association.—On September 3, 2010, the United States and the Republic of Palau successfully concluded the review of the Compact of Free Association and signed a 15-year agreement that includes a package of assistance through 2024. Under the agreement, Palau committed to undertake economic, legislative, financial, and management reforms. The conclusion of the agreement reaffirms the close partnership between the United States and the Republic of Palau. Permanent and indefinite funding for the Compact expired at the end of 2009. The fiscal year

2013 budget seeks to authorize permanent funding for the Compact as it strengthens the foundations for economic development by developing public infrastructure and improving healthcare and education. Compact funding will also support one or more infrastructure projects designed to support Palau's economic development efforts. The Republic of Palau has a strong track record of supporting the United States and its location is strategically linked to Guam and United States operations in Kwajalein Atoll. The cost for this proposal for 2013–2022 is \$184 million.

Extension of Payments in Lieu of Taxes.—Payments in Lieu of Taxes (PILT) payments are currently authorized only through fiscal year 2012. The budget proposes a 1-year extension of mandatory PILT payments at the current authorization levels in fiscal year 2013. These payments support local government services in counties that have significant Federal lands within their boundaries. The administration looks forward to working with the Congress to develop a longer-term strategy for providing sustainable levels of funding for PILT payments, in light of overall constrained budgets and the need for appropriate offsets for new mandatory spending. This extension utilizes the current PILT payment formula that is prescribed by law and based on population, certain receipt sharing payments, and the amount of Federal land within an affected county. The cost for this proposal in fiscal year 2013 is estimated at \$398 million.

OFFSETTING COLLECTIONS AND FEES

The budget includes several proposals to increase cost recovery fees, so that industries share some of the cost of regulation.

Fee Increase for Offshore Oil and Gas Inspections.—Through appropriations language, the administration proposes to continue the current offshore inspection fee levels authorized by the Congress in fiscal year 2012. These fees are estimated to generate \$65 million in fiscal year 2013, up from \$62 million in fiscal year 2012, from operators with offshore oil and gas drilling facilities that are subject to inspection by BSEE. The increased fees will fund an expanded inspection program, and as enacted for fiscal year 2012, operators will now be charged for the inspection of drilling rigs in addition to production platforms. These inspections are intended to increase production accountability, human safety, and environmental protection.

New Fee for Onshore Oil and Gas Inspections.—Through appropriations language, the administration proposes to implement an inspection fee in fiscal year 2013 for onshore oil and gas drilling activities that are subject to inspection by BLM. The proposed inspection fee is expected to generate an estimated \$48 million in fiscal year 2013, \$10 million more than the corresponding \$38 million reduction in requested BLM appropriations, thereby expanding the capacity of BLM's oil and gas inspection program. The fee would support Federal efforts to increase production accountability, human safety, and environmental protection.

Onshore Oil and Gas Drilling Permit Fee.—The fiscal year 2013 budget proposes to continue a fee for processing drilling permits through appropriations language, an approach taken by the Congress in the Interior, Environment, and Related Agencies Appropriations Acts. A fee of \$6,500 per drilling permit was authorized in fiscal year 2010, and if continued, would generate an estimated \$32.5 million in offsetting collections in fiscal year 2013.

Grazing Administrative Fee.—The fiscal year 2013 budget includes a new grazing administrative fee of \$1 per AUM. BLM proposes to implement the fee through appropriations language on a 3-year pilot basis. The budget estimates the fee will generate \$6.5 million in funds that will assist the BLM in processing grazing permits. During the period of the pilot, BLM would work through the process of promulgating regulations for the continuation of the grazing fee as a cost-recovery fee after the pilot expires.

Surface Mining and Reclamation Permit Fee.—The fiscal year 2013 budget continues an offsetting collection initiated in fiscal year 2012, allowing OSM to retain coal mine permit application and renewal fees for the work performed as a service to the coal industry. The fee will help ensure the efficient processing, review, and enforcement of the permits issued, while recovering some of the regulatory operations costs from the industry that benefits from this service. The fee, authorized by section 507 of Surface Mining Control and Reclamation Act, would apply to mining permits on lands where regulatory jurisdiction has not been delegated to the States. The permit fee will generate an estimated \$3.4 million in offsetting collections in fiscal year 2013.

CONCLUSION

Thank you for the opportunity to testify on the President's fiscal year 2013 budget request for the Department of the Interior. We have a tremendous opportunity to

invest in America's energy independence and economic growth. This budget balances forward looking investments with fiscal restraint. For America to be at its best, we need lands that are healthy, waters that are clean, and an expanded range of energy options to power our economy. I thank you again for your continued support of the Department's mission. I look forward to working with you to implement this budget. This concludes my written statement. I am happy to answer any questions that you may have.

Senator REED. Thank you very much, Mr. Secretary.

We will take 6-minute rounds, and I fully anticipate at least two rounds. But I am prepared to stay as long as my colleagues are here asking questions.

OFFSHORE WIND

Let me begin with a topic that both Senator Collins and I touched upon. That is development of offshore wind power. Mr. Secretary, you started with your Smart from the Start Initiative, a very aggressive approach to thoughtfully and carefully beginning the process of leasing these sites so that we can develop power offshore and create jobs onshore.

My concern is that in Rhode Island we are really falling behind in the timing of the environmental assessment while the Mid-Atlantic region seems to be going forward rapidly. And that is troubling to me in one particular aspect. It seems as if we have done so much preliminary work over the last 5-7 years in terms of the ocean SAMP, where we have, I believe, a much better scientific basis with respect to tidal conditions, fishing practices, and the whole geographic and geological areas, we seem to be not at the front of the line. We seem to be in the back of the line.

So I would ask you, could you commit to help us expedite this timeframe, get the environmental assessment done in the same sort of period that Mid-Atlantic States are, and then move forward to leasing? Can you help us with that?

Secretary SALAZAR. Absolutely, Senator Reed. Because I know many of you, you and Senator Collins in particular, are very interested in Atlantic wind, if I may take just a few minutes to speak about the effort in general?

Senator REED. Of course.

Secretary SALAZAR. I have, from day one as Secretary of the Interior, thought that Atlantic wind was one of the most promising renewable energy programs for the United States of America for the ease of transmission because of the high quality of the wind, because of the topography off the Atlantic.

Our Smart from the Start Initiative is intended to stand up offshore wind in the Atlantic. The President has been very supportive and has been leading the effort in making sure we do everything we can. We have set up task forces in each of the States, and they are moving with us to make sure we are deconflicting the uses of the ocean that we can stand up offshore wind in a real way.

With respect to Rhode Island, just last week I think the Deputy Secretary and BOEM's Director and others announced what we have done in terms of marking those areas, more than 200,000 acres, which are ready offshore to be developed. We are moving forward with the environmental assessment, and we hope to be able to publish that this summer in the State of Rhode Island, and we will do everything we can to get it done.

The State of Maine, the disappointing news from Statoil was that they were perhaps planning on not moving forward with their deepwater application. I have asked my staff to have a meeting with me and Statoil to see whether we can keep up their interest in the deepwater because I think what Maine has done at its center with Senator Collins's leadership has been extraordinary, and I think the future for that project is very bright. I would be delighted to work with Senator Collins on that effort.

Senator REED. Thank you very much, Mr. Secretary.

An ancillary question. As you know, we have two major projects, one in Federal waters and one in State waters off of Block Island. The Department of the Interior and COE and others have to give us approval for a transmission line from the State project, Block Island essentially to the mainland. Would you also commit to helping us expedite from Interior and BOEM's position those approvals?

Secretary SALAZAR. The answer is absolutely yes. I would like David Hayes to speak a little bit to the Rhode Island issue because he has been working very closely with BOEM to make sure we are moving as fast as we can and we are cutting down the permitting time on what we are doing, both in Rhode Island as well as in other States.

Senator REED. Thank you. And I want to thank Deputy Secretary Hayes for his great work in this effort. Thank you.

Mr. HAYES. Thank you, Senator.

I think the Secretary really said it all. We are very eager to move forward with Rhode Island and also with the deepwater work in Maine. With regard to Rhode Island, I will just comment that the SAMP work the State has done and you have encouraged, will absolutely pay dividends in terms of the schedule for getting steel in the water off Rhode Island.

We expect the environmental assessment process to move forward much more quickly because of the groundwork that has been done, the good science done by the State. Certainly, once we get an application in, every applicant is going to be able to do an environmental impact statement more quickly and more solidly because of that terrific work the State has done with your leadership and support.

Senator REED. Thank you very much.

BLACKSTONE RIVER VALLEY

Very quickly, Mr. Secretary, turning to the Blackstone Valley Park, as you know, last year the National Park System put out a tentative approval, and we are waiting for the final version. And can we get some indication of when the final study from NPS will be released? Because without that, it is difficult for us to seek the kind of authorization that is necessary.

Secretary SALAZAR. Senator Reed, I will do everything to get the study sprung. It is essentially completed, and there is a process underway. There is no doubt the center that founded the Industrial Revolution of America and all the history you have in the Blackstone area, the support of your Governor, both Senators, the support of Massachusetts as well, all that is in our calculus. I think it would be a great addition to our National Park System.

Senator REED. Thank you very much, Mr. Secretary.

Senator Murkowski.
Senator MURKOWSKI. Thank you, Mr. Chairman.

CONTRACT SUPPORT COSTS

Mr. Secretary, I mentioned in my comments my appreciation for the funding in the budget for contract support costs within BIA's budget. You are—it is estimated at full funding to cover the costs, and again, I thank you for that.

But the same account for IHS, which provides for the administrative cost to healthcare, is severely underfunded. So we are looking at this and saying, okay, we are making good headway on Department of the Interior's side through BIA, but through IHS we are not seeing things sync up.

Can you tell me whether or not there is any coordination between BIA—your Department and on IHS to deal with this as we seek to conduct the tribal consultation? And if there is not, if there is some way that we could look at this to see if we might be able to line some things up better?

Secretary SALAZAR. We would be happy to do so, and you and the President have attended some of these conferences. Every year we brought Nations from the country together. On law enforcement, Attorney General Eric Holder and I have an ongoing conversation about what we are doing on law enforcement issues in Indian country, on health issues as well with Secretary Kathleen Sebelius.

Now the specifics in terms of our budget on the BIA and health services at HHS maybe Pam will be able to answer those questions, or I will get some additional information to you. But at the end of the day, our approach, Senator Murkowski, has been to bring the whole of Government to deal with some of the most significant issues facing Indian country.

Certainly, the healthcare issue that is faced almost in every Indian reservation is one of the biggest challenges we face. It is important we have the whole Government behind it.

Senator MURKOWSKI. Well, and as we talk about tribal consultation, it makes sense to have that consultation with all of the affected agencies. So if we could just try to better understand how this coordinates because on paper it doesn't look like it is working as efficiently as we should.

477 PROGRAM

On another issue as it relates to tribal funding, last year in the Interior bill, we had placed language that would require the existing program within the 477 program. You will recall that this is the program for Indian employment for training and related services. There was a new requirement for auditing that really lacked a level of flexibility, lacked any effort with consultation with the tribes.

So, in last year's appropriations bill, we included language that stated that consultation with the tribes must occur before any changes to the 477 program moved forward. Do you have any updates in terms of how that consultation is coming along, whether or not we can expect some kind of agreement with the tribes through this process that will help with the program accountability?

Secretary SALAZAR. According to my Budget Director and my Deputy Secretary, we have workgroups meeting every week on this issue, and we hope to get to some good resolution.

Senator MURKOWSKI. Okay. So we will await an update from you or from your staff. I thank you for that.

HYDRAULIC FRACTURING

Let us move over to the energy side here. In the Interior budget, you are seeking a \$13 million increase to USGS to support hydraulic fracturing research. But in looking through the rest of the President's budget, we see that within the Department of Energy's Office of Fossil Fuel, they are also proposing an increase in that very limited fossil fuel budget to study hydraulic fracking on the impacts of water quality. And apparently, also within the EPA budget, there are additional monies devoted to fracking research.

And I guess the question is, as we are looking to eliminate redundancies within the budget, can you explain the need for at least three different agencies now to be devoting extra money in a very tight budget year to seemingly be doing the same research?

If it is not the same research, I would be curious to know where we are going with it. But can you fill me in on that?

Secretary SALAZAR. We have a very good working relationship in the cross-cutting budget that OMB approved for DOE, as well as EPA and Interior, relating to hydraulic fracking. All the efforts on research from all of the agencies—the USGS, DOE, and EPA—will be coordinated so we have a comprehensive look at the issues of hydraulic fracking.

Senator Murkowski, I have often said in places around the country and in my meetings with the oil and gas industry and other stakeholders, that the President has been very strong on supporting the future of natural gas. It is an abundant domestic resource. We have a 100-year supply.

As you will recall, even in 2009, we were very strong in supporting the trans-Alaska natural gas pipeline. We are still working on it, and hopefully, some of that will happen.

But as we look at the bright future of natural gas, it is my view as Secretary, where through the BLM we oversee about 700 million acres of the mineral estate of the country, that unless we are able to bring about the confidence of the American people in hydraulic fracking, it could be the Achilles heel for the promising energy resource we see. The rules we are in the process of putting together in their final stages will require three things.

First, it will require disclosure so everybody knows what is being injected into the Earth. So we don't have the kind of reaction that essentially has a potential for stopping natural gas development as we have seen happening in some of the States.

Second, well bore integrity. Each member of this subcommittee I have had conversations with at different times about the Deepwater Horizon and the Macondo oil spill. Well, the well integrity issues were part of what was going on there. We need to ensure well integrity with respect to hydraulic fracking so we don't have contamination of water supplies. It seems to me is common sense.

Third, every time you frack a well, you inject the fluids into the well, and you have flowback water and materials come back from

the well. Our proposed rule will actually address the monitoring of what happens with flowback water so it is not contaminating our streams.

When I have spoken to members of the industry, including the leading oil and gas companies, when I speak to them one-on-one, they are supportive of those kinds of common sense rules. If you look at what has happened in the State of Wyoming and in the State of Colorado now, in the State of Texas, there are rules on the books in those States that will allow that to move forward.

So hydraulic fracking I know will be an issue here in this Senate in the days ahead. Our intention is to move forward with the kind of a program at the Department of the Interior, knowing that, at the end of the day, the North Star guiding us and I know guiding you, Senator Murkowski, is that we need to make sure we are fully using the great promise we see in natural gas here in the United States.

Senator MURKOWSKI. Well, I thank you for that, and I would just, again, urge that we ensure that we don't have duplication of efforts across the agencies at a time when we have got tough budgets. I would concur with you. We need to get this right. We need to make sure that it is right, and your agencies are charged with that.

But just from a budget perspective, let us look carefully at whether we have got overlap. But I am sure you are looking at that.

Thank you.

Secretary SALAZAR. Absolutely.

Senator REED. Thank you.

Senator JOHNSON.

Senator JOHNSON. Thank you, Mr. Chairman.

And thank you to my good friend Secretary Salazar for being here today. And welcome Deputy Secretary Hayes and Ms. Haze.

LAND AND WATER CONSERVATION FUND

Though I have some concerns about parts of the budget request, I do appreciate the administration's recognition of the value of conservation, tourism, hunting, and fishing to our Nation's economy. I especially appreciate the boost in funding for the LWCF and also note that the LWCF from the Department of the Interior is responsible for Wind Cave National Park being able to complete acquisition of the 5,500-acre Casey Ranch that will provide access to a historic buffalo jump and preserve a valuable natural resource.

AMERICA'S GREAT OUTDOORS INITIATIVE

I also note that you, Secretary Salazar, have also identified the Blood Run site in South Dakota and the Dakota Grasslands Conservation Area as priority projects in the America's Great Outdoors Initiative.

As you well know, we have been long making the piece for better investment in infrastructure projects like rural water systems. While the budget request for rural water is much better this year than last, we are still losing ground to inflation in projects like Lewis and Clark.

RURAL WATER

In the 2006 Rural Water Supply Act, the Congress directed Interior and the Bureau of Reclamation to develop a report assessing the status of authorized rural water supply projects like Lewis and Clark and the plan for completion. When can we expect to see this report, and what can you tell us about the long-term plans to complete these vital projects?

Secretary SALAZAR. Senator Johnson, first, thank you for your Herculean efforts on behalf of the people of South Dakota, and thank you for your support of the LWCF. I think the projects you speak about are very huge economic generators for the State of South Dakota from the Wind Caves National Park to Blood Run to the Dakota Grasslands.

As I travel around the country and I speak to both the business community and the conservation community, I often use those projects as great examples of how job creation and conservation go hand-in-hand. And certainly, the Dakota Grasslands are the duck factory of the United States of America. Fifty percent of the migratory birds go through that area, and it would be, frankly, 50 years from now a major setback for conservation in our world if we are not able to join you and your leadership in your efforts in protecting the Dakota Grasslands.

On rural water, it is a hugely important issue for us. I wish we could do more on the Lewis and Clark project. We have put in, I think, \$4.5 million, more or less, into next year.

Obviously, we could put a lot more in if we had the money. But again, Senator Johnson, this is one of those tough choices and painful budgets, and I believe in the rural water supply arena alone we could use probably 100 times the amount of money made available. We are having to make some really, really tough choices where we put the money.

South Dakota, Lewis and Clark, a multi-State project is a great example where we should have the money because the States' local water users have already put up their share of the money for the project. But we don't have the money on the Federal side to be able to complete it. We are trying to do as much as we can to move the project forward.

INDIAN SCHOOL EQUALIZATION PROGRAM

Senator JOHNSON. I would also like to touch on the Indian School Equalization Program (ISEP). According to the last census, Indians younger than the age of 18 had a spike in population in my home State of South Dakota. How do you explain that from fiscal year 2012 to fiscal year 2013 more than 60 percent of the BIE's schools in South Dakota received a decrease in their ISEP funds? Does the ISEP formula need review?

Secretary SALAZAR. First, let me say the President, Secretary Duncan—and Keith Moore—the Director of the Bureau of Indian Education, have been working very hard with the tribes to make sure we are moving forward with reforms that, hopefully, will address the very painful and difficult circumstance we face in Indian schools around the country. We hope to be able to have some reform efforts that will help us get there.

In terms of the money itself, my understanding is that the formula that funds the equalization is driven by enrollment, and I think in those schools that you mention, there has been a significant decline in enrollment. But I would be happy to look into this issue further and to supplement my answer to you and your staff.

Senator JOHNSON. Please do.

Senator JOHNSON. I yield back.

Senator REED. Thank you very much, Senator Johnson.

Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

OFFSHORE WIND

First, Mr. Secretary, I know that you were very impressed when you came to the University of Maine and saw the cutting-edge lab that has been developed to test composite wind turbines that can withstand the heavier, more persistent offshore winds and all the work that is being done with the consortium that is supported by private companies, the State, the university system, other States as well, and the Federal Government.

And I think that is the kind of partnership that we need to ensure that the United States wins the race to develop offshore deep-water wind energy. And I would point out that race also includes thousands of manufacturing jobs to make the new composite wind turbines that are going to be necessary. So it is very important not only from an energy perspective, but an American manufacturing jobs perspective as well.

I look at what other countries are doing to foster the development of offshore wind, and I can't help but ask whether we should be doing more. For example, the United Kingdom, Germany, and Portugal have all established test sites for ocean energy. They have funded the environmental permitting studies and provided electrical infrastructure, including underseas cabling and grid interconnection for these test sites.

Then private industry in those countries, working with the research institutions, have then access to these sites that are all ready for them to build and test advanced offshore wind turbines and other ocean-energy-harvesting devices. And that is for still further commercial development.

So my question is, what potential role do you see for the Interior Department to develop plans similar to those that are being pursued in other countries, in our competitor countries, to work with States to actually establish the national offshore wind test sites? Do you, for example, envision a role for the Department in helping to provide the critical funding necessary to construct the grid interconnection for these national test sites?

Secretary SALAZAR. Senator Collins, we are doing everything we can on Atlantic offshore wind and are actually now processing an application on transmission for the Mid-Atlantic States called the Atlantic Connection. We will do everything we can because it is highest priority for the President of the United States and for me to move forward.

We control, obviously, the land base and have a partnership arrangement, memorandum of understanding, with DOE as well in terms of some of the research efforts that are going on. If there is

anything we can do that we are not doing within the resources we currently have, I would be delighted to have those conversations with you and members of the subcommittee because we are doing everything we can.

I would note your eloquence in your statement. It seems to me that if the United Kingdom, Portugal, and Denmark could move forward with these kinds of efforts, there is no reason why we in the United States should not. This is part of the race we cannot cede to the rest of the world.

I think, especially when you look at the Atlantic, when you look at Maine, and you look at the attributes you have there, it is an opportunity we ought not to let pass from us.

Senator COLLINS. Thank you. I couldn't agree with you more.

NORTH WOODS NATIONAL PARK PROPOSAL

I also want to take this opportunity to give you an update on a very controversial issue in Maine with which you are very familiar, and that is a proposal to establish a North Woods National Park.

Since your visit to Maine in August, the proponents have been trying hard to gain support for the completion of a feasibility or reconnaissance study. But I will tell you that the harder they have pushed, the stronger the resistance has become. Statewide, the Maine legislature passed a joint resolution opposing the creation of a national park in Maine's North Woods. Locally, the Millinocket town council approve a resolution in opposition.

East Millinocket actually had a vote, and the voters overwhelmingly opposed a feasibility study for this proposed national park. And the proposal is now opposed by the Maine Forest Products Council, the Maine Snowmobile Association, the Sportsmen's Alliance of Maine, Great Northern Paper Company, the United Steelworkers Local 137, and many of the smaller communities, as well as the two principal, three principal communities in the area.

So I would also point out that the National Park Regional Citizen Evaluation Committee, which had supported the park, has recently become inactive, reflecting the dwindling support for this plan.

What we have found in Maine works best is working with private owners to ensure public access, and we have been very fortunate over the centuries in Maine—Maine is the most heavily forested State in the Nation—to have that kind of public-private partnership without having Federal control and Federal ownership.

So I wanted to give you that update since your visit that the support that may have existed, which was always a minority level of support, has declined significantly. And I am hoping that you will assure me that NPS, which has so many demands on its funds, will not be looking into funding a reconnaissance study for this region.

Secretary SALAZAR. Senator Collins, first, let me say we have no plans to move forward on a reconnaissance study on the proposal from Ms. Quimby on the national park. There is no effort underway to do any of that.

When we look at the two projects that are part of the America's Great Outdoors Initiative, which I have identified as 2 per State and 1 for the District of Columbia—101 projects—the 2 in Maine

reflect the approach you have been advocating to me for a number of years, and that is grounds-up.

If you look at the Penobscot River, as you so eloquently stated, it is one of the most significant river restoration projects in the world, and we are getting close to getting that done. You look at the State project which is moving forward in part through your support and our advocacy on Keeping Maine's Forests, that is also a grounds-up kind of approach there.

I hope to visit those America's Great Outdoors Initiative projects with you soon. But on your point with respect to the Roxanne Quimby proposal, we are not moving forward with a reconnaissance study of any kind.

Senator COLLINS. Thank you very much.

And thank you, Mr. Chairman.

Senator REED. Senator Collins, thank you.

Senator Tester.

Senator TESTER. Thank you, Mr. Chairman.

And I will be as quick as I can getting to it. Welcome, Secretary Salazar.

SCHOOL CONSTRUCTION

The funding for the BIE's construction program was at \$140 million in fiscal year 2011, down to \$71 million in fiscal year 2012, and now \$52 million in fiscal year 2013. The schools, at least in Montana, are in dire need of repair. Dilapidated might be a word that comes to mind.

I know you have put forth a budget that is—has a lot of cuts in it, and as you said in your opening remarks, painful cuts in many, many cases. I want to bring that to your attention, and I want to get your response very quickly on it if I could.

Secretary SALAZAR. I wish we had the money to work on all these schools. We put significant amount of money from the American Recovery and Reinvestment Act into the construction projects. We have made significant progress from where we were in 2009, and more than 60 percent of the BIE schools are now rated in good condition. Well, that is not enough because that means 40 percent are in poor condition.

Senator TESTER. That is right. Yes.

Secretary SALAZAR. It is just a matter, Senator Tester, of, frankly, not having the money to be able to move forward.

Senator TESTER. Okay. We will look for opportunities as it goes forward together on this.

AUTOMATED STANDARD APPLICATION FOR PAYMENTS PROGRAM

The Automated Standard Application for Payments program, which I think you are familiar with. I hope I am calling it the right thing, A-S-A-P. It is an online reimbursement program designed for Government payments to go to corporations, nonprofits, universities—a paperless reimbursement.

The program was not designed for private land owners. It is kind of a one-size-fits-all policy, which treats family farms and ranches the same as large corporations when it comes to reimbursement. You, being an agricultural guy yourself, understand that, well, I mean, in most cases, we do have access to the Internet. But a lot

of times, we are a little bit suspicious when it comes to transferring money online, and so, it is a deterrent.

Is there any ability to put some flexibility in that? Because from my perspective, the land owners' buy-in is the most important part of this equation.

Secretary SALAZAR. Senator Tester, I absolutely agree with you, and I have asked Director Ashe from the Fish and Wildlife Service (FWS) to work with Pam Haze to see whether we can come up with some kind of a resolution. There are now 29 States with ranching organizations for conservation, much like you have in the Crown of the Continent, and I believe we need to do everything to encourage that kind of "working lands conservation" approach to conservation.

Senator TESTER. Okay. Good.

HYDRAULIC FRACTURING

I want to just touch on the fracking thing just to reinforce what you already know. And we have got a big play with the Bakken in eastern Montana. It is creating jobs. It is creating energy security. It is doing a lot of good things.

But hydraulic fracking is something I hear about when I come home all the time, and folks want to know if we have adequate inspectors to determine whether that case, the cementing that is going on in the casing is actually going to keep what is going on 2 or 3 miles down out of our groundwater.

Can you say with any kind of certainty that we have adequate inspections to make sure that that cement is done in a proper way to assure that we are not going to be polluting our drinking water?

Secretary SALAZAR. Our rule will so require, and I am going to have David, the Deputy Secretary, speak to the inspector issue.

Mr. HAYES. Senator, certainly on our public lands, we are prioritizing inspections to deal with potential high-risk issues, and that includes ensuring well construction is done with the appropriate integrity. The proposed rule the Secretary is referring to will require an additional certification by the operators to ensure they are using the proper cementing and, as you say, walling off the well from lower aquifers.

Senator TESTER. And we have got adequate people on the ground to make sure that happens, or is it a self-inspection reporting?

Mr. HAYES. It is both. We are giving a lot of attention to the inspector issue. We could use more inspectors, but BLM does do an enormous number of inspections a year. We want to supplement it with the certification by the operator.

HUNTING AND FISHING ACCESS

Senator TESTER. Okay. When I return to Montana, I also hear from sportsmen and women about access. It is the number-one issue amongst our sportsmen out there—access to go fishing, access to go hunting. Because of that input, I adopt—drafted a bill that sets aside 1.5 percent of land and water conservation funding to secure access for existing public lands.

Not to put you on the spot, but I will. Would you support this effort?

Secretary SALAZAR. We have money. It is \$2.5 million with BLM to try to provide public access. I think the concept makes tremendous sense and would be happy to work with you on it.

Senator TESTER. Okay. I appreciate that very much.

OFFSHORE DEVELOPMENT

With that, I would just like to say when I talked to you, I guess it has been a bit ago, about the offshore spill and what all transpired on there, I know you were under a lot of pressure. Probably lost a few follicles of hair that you couldn't afford to lose.

But the bottom line is, is that as we talk about opening up offshore production again, which we all want to be energy independent and we all want to make sure that this—that we develop the resources appropriately here at home, are you confident that what happened with the spill in the gulf won't happen again?

Secretary SALAZAR. Senator Tester, first, let me say from those days, I think I did lose follicles of hair for that reason and probably many other reasons as well. I am proud of the fact we have weathered that storm. Now, there are 60 permits issued in the Gulf of Mexico just in the last 12 months; the rigs are up and working, and we have led the greatest overhaul in the Nation's history in terms of offshore oil and gas production in America's oceans.

We are doing more to make sure prevention is prioritized so we don't see a Macondo well oil spill again. It means we have worked with industry and several corporations that have been set up, the Helix Corporation and Marine Well Containment Company, to make sure if something like that were to happen, there would be a quick response. Third, we have overhauled the efforts in terms of dealing with oil spill response as well.

Now to your question, because I think that is an important question to all the members of this subcommittee, including Senator Landrieu, who sees so much of the energy production of the United States coming from the Gulf of Mexico. Can we be 100-percent safe that something is not going to happen? No.

We can do as much as we can to minimize the risk, and we certainly have done that, I believe, in the Gulf of Mexico.

It is important, if I may, Senator Reed, and I know I probably am taking a little more time than I should here. It is important when you look at the map of the Gulf of Mexico to also recognize that between the United States and Mexico, we probably have about 98 percent of the land mass. We can control what happens in United States waters, but we can't, frankly, control what happens on the Mexican side of the border.

So, when you think about the huge potential for oil and gas resources, and Mexico is moving very aggressively into the deep-water, it is important we have the kind of relationship with them where they also learn the lessons and have the kind of system we have here in the United States.

Secretary Clinton and I signed an agreement with our counterparts in Mexico last Monday that will usher in this era of cooperation and resolve longstanding issues in the Gulf of Mexico. We are making significant progress, and I know probably Senator Murkowski, who is on top of these things in the Arctic, is also very cautious in terms of how we are moving forward with the most cau-

tious program that has ever been put together in terms of any exploration.

Senator TESTER. Well, I want to thank you once again, Mr. Secretary.

Thank you, Mr. Chairman.

Senator REED. Thanks, Senator Tester.

Senator Alexander, please.

Senator ALEXANDER. Thanks, Mr. Chairman.

Mr. Secretary, welcome.

JOINT CURATORIAL COLLECTION FACILITY

I mentioned earlier and we have talked before that these great national parks, Yellowstone National Park gets \$35 million, Yosemite National Park \$29 million, the Great Smoky Mountain National Park \$19 million, counting all funding, including fees. Yet the Great Smoky Mountain National Park has three times as many visitors. I say that in a way of suggesting that a point in favor of the joint curatorial collection facility, which would benefit the Great Smoky Mountain National Park and four other national parks by holding hundreds of thousands of artifacts and archival records, that could be a point in its favor.

I don't expect an answer from you on that right now, but I simply want to raise the importance of it. I appreciate your considering, the Department's considering it, and it is a sound project.

FISH HATCHERIES

I have two areas of question. One has to do with fish hatcheries. And I mentioned a little earlier that at one point I noticed that the number of Tennesseans who have hunting and fishing licenses exceeded the number who voted in the last election. So this is serious business for us.

The Erwin National Fish Hatchery provides eggs for hatcheries all over the country, and Dale Hollow produces 60 percent of the trout stocked in Tennessee. In your tight budget, you are having to cut from \$3.2 million from mitigation hatcheries, which would, if left alone, would close those hatcheries with very serious consequences for Americans.

My question is, well, we are working with TVA and with COE to help share in the funding of those hatcheries so that you will be able to keep them open. So my question is, can you assure me the hatcheries won't close until we have an opportunity to try to secure joint funding for them?

Secretary SALAZAR. Absolutely, Senator Alexander. I look forward to working with you and TVA and COE to see how we can keep these hatcheries open. They are, as you say, very important to the anglers of Tennessee and beyond Tennessee. I am happy to work with you on that.

JOINT CURATORIAL COLLECTION FACILITY

Just a quick note on the curatorial effort, I have asked NPS to see what we can do, and I do know, as we have communicated, the plan is done. I think nearly \$1 million of the \$4 million is already

in the bank, and we will turn over every stone to see how we can figure out a way of making the difference.

Senator ALEXANDER. I thank you for that. And you are exactly right. The five parks have worked together to try to squeeze every \$1 they can to minimize the money that is responded, and \$2 million is what is left.

ENERGY

Now I would like to ask you a question about equal treatment for different forms of technology, which the administration is moving toward. The President is talking about all of the above, and I think increasingly those of us who deal with energy and environment are saying we ought to treat all our different forms of energy as equally as possible.

For example, you propose to raise fees on oil and gas production in this budget. Do you intend to raise fees on wind and solar energy production at the same time and by the same amount?

Or let us take a second area. Let us take birds. In reading about Teddy Roosevelt, I was reminded that his whole conservation career began with birds and the protection of birds. And we have in our law a law that says if you kill eagles, you can go to jail. And then we have the Migratory Bird Treaty Act, if you kill migratory birds, you can go to jail.

And in 2009, Exxon Mobil killed 85 birds that had come into contact with crude oil in uncovered tanks or wastewater facilities, and they paid \$600,000 in fines and fees. Well, I noticed the other day the Minnesota Public Utilities Commission denied plans for a 48-turbine wind farm because of concerns about birds, bats, and bald eagles. And we all know that these big wind turbines have become sort of Cuisinarts in the sky for birds, especially golden eagles in California.

And I understand that that wind farm has even applied to the Department of the Interior, to the FWS for a "taking permit". So they can take a certain number of birds when the turbines start to roll.

So am I to understand that if you are going to treat forms of energy production equally that Exxon Mobil ought to be applying for taking permits for the next golden eagles it kills? Or if not, why would you not apply to wind turbines and other forms of energy the same rules you apply to oil and gas production?

So my question on this is equal treatment for forms of energy production. If you are going to raise fees on production of oil and gas, will you do the same for wind and solar? And will you apply to wind turbines the same laws that exist for killing birds that you apply to oil and gas production?

Secretary SALAZAR. Senator Alexander, first, on the revenue side for renewable energy projects, we have moved forward with rules and in our right-of-ways, which is what we grant to renewable energy projects onshore as well as in the offshore, to make sure the principle of a fair return to the taxpayers is adhered to, and that is the same principle we have with respect to oil and gas production, both onshore as well as offshore.

On your second concern relative to wind energy projects and birds, we are working on developing a set of guidelines from FWS

to deconflict the wind projects that are being proposed around the country with the avian issues we care so much about at the Department of the Interior.

Many of the projects, which were built 20, 30 years ago, including the one you cite in California, were projects that, first of all, didn't have the technology we have today. The technology being used now for wind blades and wind turbines is much better than the ones in place then. In fact, some of the projects in California have already turned over into the new technology because they recognize the issues, the lethality of their projects on avian populations.

Second, and perhaps more importantly, what we are working on with FWS is to try to identify those corridors which we know are of high use for avian populations so, in those areas, we would not be permitting wind projects. We are in the process of trying to come up with a plan to deconflict our mandate for conservation, which is a legal one, as you say, under the law, and at the same time honoring the priority to develop alternative sources of energy.

Senator ALEXANDER. Thank you, Mr. Secretary.

If I can prove to you we have lots of birds in the Great Smoky Mountains, will you keep the wind turbines out?

Secretary SALAZAR. I can guarantee you, Senator Alexander, that there will never be a wind farm built in the Great Smoky Mountain National Park.

Senator ALEXANDER. Thanks, Mr. Chairman.

Senator REED. Thank you, Senator Alexander.

I want to recognize Senator Leahy, but I also want to thank Senator Landrieu. Because of Senator Leahy's schedule, he asked to be recognized when he arrived.

Senator Leahy, please.

Senator LEAHY. I apologize, and I do thank Senator Landrieu also.

I also want to thank Senator Reed for holding this important hearing. I should tell you, Mr. Chairman, that Secretary Salazar is a rock star in Vermont. People still talk about his visit up there, and I appreciate that.

LAND AND WATER CONSERVATION FUND

But I am hoping that today's hearing doesn't simply focus on energy issues related to drilling and permits, and Senator Alexander has obviously related one. I would like to see us refocus our attention on LWCF, the bipartisan promise we made to land conservation in 1965 to allow us to invest in our natural areas in historic preservation.

Some of our country's most treasured places have been acquired using the LWCF, including the Grand Canyon National Park, Denali National Park, many historic Civil and Revolutionary War battlefields, the Appalachia National Scenic Trail, which runs through Vermont as well as States of three other subcommittee members—from Georgia, through Tennessee and Maryland, Vermont, ending in Maine. In fact, our four States make up 35 percent of it.

SILVIO O. CONTE NATIONAL WILDLIFE REFUGE LAND ACQUISITION

I worry that if we don't use it right, we could lose natural resources forever, and I was concerned in hearing about the Silvio O. Conte National Fish and Wildlife Refuge that they have a number of resources that are ready to be acquired with the \$6.5 million that was in the President's fiscal year 2012 request and the \$1.5 million in fiscal year 2013.

Now I know you don't want to draw out too long some of these acquisitions. But I challenge the claims that have been made the Conte refuge is not able to spend the entire request that was made by the President last year.

They span four States. They encompass the entire 7.2 million acre Connecticut River watershed. Conservation in this area is essential. A Vermont Fish and Wildlife survey yesterday detected four or five Canadian lynx in the Nulhegan Basin of the Conte refuge. Now this is an endangered species and almost never seen, and they are coming back.

So, Mr. Secretary, can you explain the difference between what I am hearing on the ground in Vermont and throughout the Conte refuge regarding the number and cost of tracks of land available for acquisition with the \$6.5 million in your fiscal year 2012 request and what I am seeing in your reprogramming request?

I mention that because it is a critical part of the America's Great Outdoors Initiative. It crosses four States. It is an area under enormous pressure from developers. Is it a case where we have the money, and now the money is being taken away?

Secretary SALAZAR. Senator Leahy, first, let me thank you and Marcelle for the wonderful welcome that you always give me, including into the great State of Vermont just last summer. I hope to be up there again. Vermont is one of the great States in terms of hunting and fishing and environmental education.

Two, I support your efforts and applaud your leadership as well on the LWCF. The true needs of it, even though there will be debate, I am sure, in this subcommittee, are probably more in the neighborhood of \$5 billion a year. So, when we look even at our request at \$450 million in the fiscal year 2013 budget, it is not meeting the needs that are out there for conservation programs. And every one of our areas around the country from the Grand Tetons National Park to Yellowstone National Park to Silvio O. Conte National Park have needs.

What we have done with the Silvio O. Conte National Park area, and it is such a great wildlife refuge, and in the connectors that we are working on through the America's Great Outdoors Initiative, there are \$4 million in acquisitions ready to go. We will make those acquisitions in the fiscal year 2012 budget.

Now the delta between the \$4 million and the \$6.5 million and our reprogramming request before this subcommittee comes as a result of the fact there were significant cuts that were made to LWCF in the fiscal year 2012 budget. The budget we had put forward had a request of \$900 million, which was full funding for the LWCF.

When it came out of the fiscal year 2012 process, it was down to approximately \$300 million, and we have had to make some re-

alignments. But recognizing the importance of Silvio O. Conte National Park, Senator Leahy, what we have done is we are ready to go for the \$4.5 million, and we have the other \$1.5 million requested in the fiscal year 2013 budget.

Senator LEAHY. We may have to have further discussions on it. I fought like mad to get that money in the budget, and I would hate to have it go right back out. So we will have some more discussions, I will with the chair, on questions of reprogramming.

STREAMGAGES

And I will put for the record, and I really want answers on this, to give—our floods we had in Vermont, and we had an important Interior Department tool that both we and New York used. Those were the gages the USGS had, the river and lake gages.

I think we would have lost a lot more property, a lot more lives if we had not had those. So I will have questions. I will have questions on that, and I will thank you again on putting in money for white-nose syndrome among bats.

When I first started raising this question, people thought I was referring to a movie character that I have some familiarity with. But this is decimating, the loss of these bats are hurting agriculture throughout many, many, many States. And so, it is important that we keep working on this, and I applaud you for that.

Secretary SALAZAR. Thank you.

Senator REED. Thank you.

I am going to recognize Senator Cochran—we are going back and forth—and then Senator Landrieu. Excuse me again, Senator Landrieu.

Senator Cochran.

Senator COCHRAN. Mr. Chairman, thank you.

Mr. Secretary, welcome. It is good to see you and to be here to congratulate you on your fine job as Secretary of the Interior. We have enjoyed having the opportunity to work with you on a number of programs for wildlife habitat protection, NPS, LWCF programs, all very important in our State.

COASTAL IMPACT ASSISTANCE PROGRAM

One in particular, though, has come in for substantial reduction or deletion of funds that we had seen recommended for this agency is in the Coastal Impact Assistance Program (CIAP). This is particularly important in the Gulf of Mexico. We have been through a lot of challenges in that area, as everybody knows. And it just seems to me to assume a savings of \$200 million by rescinding unspent balances in the CIAP gave me pause when I saw that as kind of the lead description of this request.

Is there any way to reconsider that? How locked in are you to reducing the funding for that program at this critical point in the gulf's history?

Secretary SALAZAR. Senator Cochran, let me say that I appreciate your leadership on conservation and your work on the Migratory Bird Conservation Commission and our meetings every couple of months in that effort.

On CIAP, you may recall I was one of those supporters for CIAP when I was a U.S. Senator working with all of you. It is a very im-

portant program. It was not functioning well under the former Minerals Management Service. I moved it over to the FWS, and we are getting the money out in very significant amounts. The monies are going to the States.

In terms of the budget itself, it will take congressional action to adopt the proposal in the budget. It is one of those times where the whole budget is being combed for places where we can find some money to be able to balance the budgets. As I said in my opening remarks, Senator Cochran, it is painful to think we are having to do some of these things.

Senator COCHRAN. Well, you wouldn't urge the President to veto the bill if we added some of that money back in the budget, would you?

Secretary SALAZAR. I think it is a long way from today until we get to the point where we have a budget, an appropriations bill presented to the President. The Gulf of Mexico and coastal impacts and the restoration of the Gulf of Mexico, Senator Cochran, are an area where I would say it is probably the single most important conservation initiative on where I spend my time, at least in the last 3 years.

Senator COCHRAN. Well, we appreciate your service, and you have been very generous in allocating some of your travel time to come to our State and to reassure us of the attention that the national leadership of the Department is giving to challenges that we face in the Deep South.

And I want to thank you for mentioning the wildlife programs where you and I both have served as Members of Congress. It has been a great pleasure working with you over the years, and we look forward to a continuation of that good relationship.

Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Cochran.

Senator Landrieu, and again, thank you for your patience.

Secretary SALAZAR. If I may, Senator Reed, Mr. Chairman Reed, just one comment to Senator Cochran?

Senator REED. Yes.

Secretary SALAZAR. One, I very much appreciate your help and leadership on the fiscal year 2012 budget, as well as members of this subcommittee, because we did make a huge difference on that. And number two, Sam Hamilton was a Hercules of wildlife and conservation and a great advocate for hunting and fishing. We appreciate your leadership in having a national wildlife refuge named in his honor, a bill which the President has now signed.

Senator COCHRAN. Thank you very much for that mention, and particularly remembering Sam Hamilton. Thank you.

Senator LANDRIEU. Thank you, Mr. Chairman.

OIL AND GAS REVENUES

I wanted to ask, Mr. Secretary, the total amount of your budget before us today is about \$11 billion. Is that correct?

Secretary SALAZAR. That is, approximately.

Senator LANDRIEU. What was the amount of money collected from oil and gas severances, both onshore and offshore, last year? Do you have those numbers, Ms. Haze?

Secretary SALAZAR. I think I may. Off the top of my head, they were in the \$9 billion range.

Senator LANDRIEU. So it is fair to say that the production of oil and gas in this country and the severances that are collected, the severance taxes—not the corporate income tax that is paid, not the payroll tax that is paid, not the indirect sales tax that is paid—literally funds the entire Interior Department of the United States? Is that roughly correct?

Secretary SALAZAR. It is roughly correct.

Senator LANDRIEU. Do you know where 80 percent of the offshore funding comes from, off the shores of what three States would those be?

Secretary SALAZAR. Most of our offshore energy production, as you well know, Senator Landrieu, is in the Gulf of Mexico.

Senator LANDRIEU. And what States exactly are those offshore?

Secretary SALAZAR. Well, the five States of the gulf—Louisiana, Mississippi, Alabama, Florida, and Texas.

Senator LANDRIEU. Well, it is not off of Florida, and it is Texas and Louisiana and Mississippi. Very little off the Alabama coast and none off the Florida coast because it is off limits except for the section 181 that we had to struggle to open.

My point being that a large chunk, Mr. Chairman and Ranking Member Murkowski, of the money that goes to fund this entire budget comes from Senator Cochran's shore and my shore. So you can imagine my horror when I pick up the budget and just read through the pages, starting here, page F1, this is the LWCF, land acquisition. These are all the States that I see—Arizona, California, Colorado, Idaho, Montana, Nevada, Oregon, Utah.

Let us flip the page. Wildlife and fisheries—California, Florida, Kansas, Montana, New Mexico, Washington, Dakota, Upper Mississippi River. Not a penny for the lower Mississippi River.

Let us go to land acquisition. Arizona, California, Montana, Washington, and Wyoming. I don't know how long this subcommittee expects me to be a cooperative member. I really don't know how long this administration expects me to continue to try to be supportive. I cannot express anymore that we have had enough.

The second point I want to make is that when you said you did the greatest overhaul of oil and gas drilling in this country, you most certainly did. I guess the incident required it. But there was a tremendous amount of pain from Senator Cochran's State and my State that was contributed to that overhaul. For the record, I want to read it in. A study was just released.

This is not Exxon. This is not Mobil. This is not BP. These are the 2,000 independent oil and gas producers in my State alone. I am sorry I don't have the numbers for Mississippi, Secretary Salazar. And I want to tell you what they reported to an independent administration.

Forty-one percent of these businesses are no longer making a profit. Seventy-six percent have lost their cash reserves. Forty-six percent have moved away from the gulf coast, and 82 percent of these business owners have lost personal savings trying to live through the overhaul of this Interior Department.

So, on two points—and you are my friend, and I respect you personally—I strongly disagree with the policies of this administration. One, for underchanging the region of the country that contributes most to your entire budget. Where is Mississippi listed in this budget? Where is Louisiana listed in this budget?

And following up on what Senator Cochran said, the place we are listed, you are taking \$200 million away from us. That is not going to happen. The CIAP money, which you know because you voted for it, was my bill. I fought like a tiger to get the money, and we got it.

The first, the first money that the gulf coast has ever gotten to do restoration, and we shared it with Alaska. We shared it with California. And we shared it with Florida, even though they don't produce one barrel of oil. Mr. Chairman, that money cannot leave the gulf coast.

And I want to say just one more thing. In 1965, the LWCF was created using the severance taxes that come out of oil and gas drilling offshore, not onshore. The bill was passed by Senators Mark and Tom Udall's family that served here.

They said let us take the oil and gas resources, put them together, and create great conservation land for the country. We support that. What we cannot support is taking that money off the shores of Louisiana, Mississippi, and Texas, saving everyone else while we are literally drowning.

Do you all remember the water, how high it was for Katrina? Do I have to explain to anyone on this subcommittee that south Louisiana is going underwater? Can I find one dime in this budget?

I have had it. I don't know what I am going to do, but I am going to use all the power that I can to stop any funding for any programs as long as the money is coming off the coast of Louisiana, Mississippi, and Texas. You all can go find the money elsewhere.

Go get it from Wyoming. Go get it from the interior States. Wyoming yesterday—I want to correct this, and I am going to finish. Wyoming, they have plenty money. They have 500,000 people. I have 4.5 million, 1 million of them lost their homes and went underwater. I don't remember anyone losing their home in Wyoming.

Mr. Chairman, last year they kept from their revenue sharing \$971 million Wyoming put in their general fund. There are no restrictions as to how that money is spent. They can do anything with it. The law does not allow them—gives them all freedom.

They can spend it on education. They can reduce taxes. I can't get one penny of the \$6 billion that we send off the coast of Louisiana to fund this entire budget. And when I ask for it, it is given reluctantly. It is given with all kinds of "Oh, my gosh, we can't keep giving those people down there money."

My city has gone underwater. My State is underwater. We have lost more land than any State in this country, and it has got to stop.

So go get your money, Mr. Secretary, from the West. They have plenty of it, and just let us use our money to save ourselves.

Thank you.

Secretary SALAZAR. Mr. Chairman.

Senator REED. Mr. Secretary.

Secretary SALAZAR. May I respond? First, let me say there is no doubt everyone here in this subcommittee and everyone in the administration recognizes the passion that my good friend Senator Mary L. Landrieu has for Louisiana and for the Gulf States.

GULF STATES FUNDING

And I can tell you that with respect to the gulf States that include all the five States of the gulf, we have put significant resources into both our national parks and our wildlife refuges. There are more than 40 of them in that part of the country. They have some of the most incredible extensive wildlife habitat, as Senator Cochran knows from his service on the Migratory Bird Conservation Commission. And we will continue to make sure those investments, which create jobs in New Orleans and other places, are investments we continue to make.

Specific to Louisiana, one of the projects which Senator Landrieu has long championed is Lake Pontchartrain and the restoration efforts there. We are working very hard to make that project a reality. We have prioritized an urban water initiative in New Orleans that will connect up the downtown. We are working very hard to try to make sure we are taking care of the Gulf States.

OIL AND GAS

The other point I would make is I disagree very much with my friend Senator Landrieu in terms of the overhaul on the oil and gas industry in America's oceans. Without the overhaul that we have undertaken, we wouldn't be able to say there are 60 permits that have been granted just in the last year in the Gulf of Mexico.

Senator Landrieu lived through the horror of the Macondo spill. I was with her and Senator Murkowski and Senator Bingaman and others as we flew over on C-130s over the Gulf of Mexico. That was a national crisis, and our oil and gas industry offshore is doing very well today.

We are producing significant amounts of oil and gas, and it is less than 2 years from the date when the Macondo well blew up. We have continued to move forward in a cautious way, as Senator Murkowski knows, to try to put the resources in place for two seas in the Arctic, which she has been an advocate of for a long time.

So I would only say that President Obama and I are very serious about moving forward with an "all-of-the-above" energy strategy, and it does, in fact, include oil and gas, and it includes oil and gas in America's oceans. Now I will say this to Senator Landrieu's point that I think is an important one to note.

When she argued very hard for the Gulf of Mexico Energy Security Act legislation which I helped pass in the Senate, she was making the point about the impacts of oil and gas production on the Gulf Coast States, and that is a policy debate which will go on in this chamber and the U.S. Senate. My hope is when we work our way through the issues in front of us, including the litigation we now are involved in, in the Gulf of Mexico against those responsible for the oil spill, we will see the most significant ecosystem restoration project in the Gulf of Mexico we have ever seen.

So your part of the country is near and dear to my heart, even though I know that you are mad.

Senator REED. Senator Hoeven.
 Senator HOEVEN. Thank you, Mr. Chairman.
 Mr. Secretary, good to see you again. Welcome.
 Secretary SALAZAR. Governor.

STREAM BUFFER ZONE RULE

Senator HOEVEN. I would like to talk to you about the stream buffer zone rule, which the Department of the Interior is promulgating and implementing, as I understand it. I believe that this is a rule that you are developing and implementing as a result of some conditions in the Appalachian region of the country. But I am concerned that you are also implementing it in our part of the world as well, and obviously, the coal mining is different throughout the country.

And so, I am concerned that the stream buffer zone rule will require additional monitoring requirements on the part of our companies, tougher reclamation procedures, and also it provides a broader definition of streams and damage. So I guess my first question is how many existing American jobs does the Department of the Interior expect will be eliminated as a result of this?

Well, let me step back. First, why are we kind of using this one-size-fits-all? In other words, if you are trying to address an issue in one region of the country, in the Appalachian region, why are you implementing the same approach in North Dakota, for example, where the coal is different and the mining procedures are different?

Secretary SALAZAR. Senator Hoeven, Governor Hoeven, thank you for your service to the country and to North Dakota.

Let me just say we still do not have a rule. It is still in the process of being formulated, and the economic analysis will certainly be a part of that rule. The Deputy Secretary has been working with Office of Surface Mining (OSM), Joe Pizarchik, the Director of the OSM, and I would like him to comment on the substance of the rule and the concerns you raised.

Mr. HAYES. Thank you, Mr. Secretary.

Senator, I would just like to emphasize we do not have a proposal on the street. We are hearing your concerns and the concerns of others, and we are still doing the evaluation, both economic and environmental. We want to work with you, and certainly before a rule comes out, we will want to sit down and talk to you about it.

A new rule is not imminent. A new proposed rule is not imminent. When the proposal comes out, there will be an active comment period. This process is extremely important to your State and to many other States and to the Department. I can assure you that we will work with you on it.

Senator HOEVEN. Where are you in the process?

Mr. HAYES. We are continuing to prepare the environmental impact statement associated with the proposed rule. That is ongoing right now. We do not have a proposal over to Office of Management and Budget (OMB) for review yet. So we are not even at the stage where we are engaged with OMB, which is, of course, the office we work through before we can put a proposed rule on the street.

Senator HOEVEN. What is your intent? What do you intend to do?

Mr. HAYES. We are still internally evaluating the environmental impact statement and the proposed rule. We have not made a decision as to when we will go to OMB with a proposal. If we do go, it typically takes an extended period of time of discussion back and forth before a proposed rule hits the street.

Senator HOEVEN. Are you willing to have either you, Mr. Secretary, or your designee come out to my State and actually take a look on the ground at the situation and talk to some of our companies before you proceed?

Secretary SALAZAR. Senator Hoeven, I am happy to do that and, in fact, I spent a good deal of time with your Governor just two nights ago, speaking about a number of North Dakota issues, including the Bakken formation where we have been very pleased to work with you, when you were Governor, and with the State in terms of the USGS information that has been provided on the Bakken.

I also noted to the Governor that it is the only place in the country where we actually have enhanced oil recovery through CO₂ capture.

Senator HOEVEN. Right.

Secretary SALAZAR. And so, North Dakota is a very important State. A number of issues there to be addressed. I hope to be out there, and when I am out there, we can certainly have a meeting around the coal issues as well.

Senator HOEVEN. I do want to say that you have been very good about coming to our State. Very good both just on these types of issues, but also when we have had flooding and some emergencies, and you have been out there a number of times. And we really appreciate it. So I do want to commend you for that and thank you for that.

On this rule, I am asking, again, that you or your designee come out and meet with us and look through this before you determine how best to proceed. I mean, again, this is information. This is fact finding, and hopefully, it will be beneficial both to you and to the companies out in our part of the country that do mining.

We are number one in the country in land reclamation. We are number one in terms of how we handle the water. We meet all ambient air quality requirements. So we believe in producing energy, but we believe in taking care of the environment, too.

So let us try to work together on this, and this is an opportunity to do so. And—

Secretary SALAZAR. That is a fair request, and we will be happy to do that.

Senator HOEVEN. Thank you.

HYDRAULIC FRACTURING

And then, I am pleased to hear that you were talking with Governor Dalrymple. Undoubtedly, he brought up the fracking issue to you. Obviously, it is a hot topic around the country. It is an important topic.

We want to do it safely and well. We want good transparency. We want people to understand it and be comfortable with it. But we are producing an incredible amount of oil and gas and more energy not just in North Dakota, but around this country. And we

can do so much more with good environmental stewardship. But we have to understand business practices and how they work.

So for you to bring forward a rule that says that—excuse me, Mr. Chairman, I will try to wrap up here. But for you to bring forward a rule that says, okay, that the exact specifications in every frack job have to be submitted to you 30 days before that is done, and then they can't make any changes whatsoever to that frack fluid mix when they undertake fracking, that is the kind of thing that does not work for business.

So, again, full transparency. We have no problem requiring that our companies provide what is in that frack fluid so that people know and it is fully transparent. You can go on the Web and find it. That is the Interstate Oil and Gas Compact Commission (OIGCC) model that we developed. But the idea that they can't change that once they have submitted the exact specifications to you 30 days after when they are out on a well site, trying to produce a well, and the conditions change as they develop that well—I know you understand this—that has to be taken into account.

So, again, it is about regulation that is understandable, straightforward, protects the environment, but that empowers businesses and investors and so forth to do the—undertake the development, but do it right. And so, this is an example of where we are going to have to do more work on your frack regulation.

And again, from the point of understanding, let us make it workable. Sure, let us know what is going into the ground, but let us make sure it is a workable regulation.

Secretary SALAZAR. We very much agree with you, Senator Hoeven. It has to be a workable regulation. In fact, much of the time over the last year has been spent on gathering information, including a meeting I had with oil and gas industry and other experts at the Department of the Interior over a year ago, hearings that BLM has had, including the one in North Dakota, to get input.

When the rule does come out that will address the issue of transparency to disclosure and the other matters I spoke about earlier here in this subcommittee, it still will only be a proposed rule. It needs to work.

I think this is one area where I do hope we can transcend the hot politics of the time and say we agree that our North Star here has to be to use the abundant resource of natural gas, which is an American resource, and that in order to do so, we need to make sure we are providing confidence to the American people that we are doing it right.

Most of the companies I deal with, Senator, come and talk to me about the requirements we are talking about on disclosure, well integrity, and flowback water, are in agreement that we are moving in the right direction. But we will continue to listen to you, as well as to industry, as well as to other stakeholders before any rule is finalized.

Senator HOEVEN. Thank you, Mr. Secretary.

And we can help you with that. Cost-benefit needs to be part of it. But we can work together on this and I think get it right. And so, we appreciate your willingness to work with us on it and look forward to it.

Secretary SALAZAR. Thank you, Senator.
 Senator REED. Thank you, Senator Hoeven.

OFFSHORE INSPECTION FEES

Mr. Secretary, if I may, there has been some discussion of offshore production of oil and gas. You have taken significant efforts to reform the inspection process, the leasing process, et cetera. One of those was the result of last year's budget, we increased inspection fees \$62 million.

Will you realize the full \$62 million increase this year? Is that your expectation?

Secretary SALAZAR. Yes. And let me say thank you, thank you, thank you to you and Senator Murkowski and the members of this subcommittee for making sure we get the additional resources to be able to do the job right. We are pushing hard on the hiring of the inspectors and moving forward with the program that you have enabled us to implement.

Senator REED. And as you suggest, Mr. Secretary, 50 percent of these new fees are required to be used to improve permit reviews and related oversight activity. So there is a direct correlation between the increased fees and we hope the effectiveness of the inspections and the oversights, which after the Macondo spill, clearly, we need a more effective system. And your goal is to implement this effort?

Secretary SALAZAR. Yes, Senator.

Senator REED. And you had indicated also, that your budget reflects a cut in personnel to the Department of the Interior, but you are actually hiring more inspectors because of the increase in fees for the offshore production?

Secretary SALAZAR. The offshore oil and gas programs will see increases in the number of FTEs. Just a quick reminder, no increase from I think 1981, 1982 until what we have done in the last several years. It is necessary, and it is such an important part of our economy that we need to keep investing in that program.

OIL AND GAS REVENUES

Senator REED. And just a technical point, I believe, that all of the proceeds from production—from the gulf, from the Chukchi, from Bering, from Beaufort—all of those go to the Treasury of the United States. They do not go to the Department of the Interior?

Secretary SALAZAR. That is correct.

Senator REED. And they fund a range of efforts. You do not have a restricted receipt account where the Department gets all the proceeds?

Secretary SALAZAR. I wish we did. It would make it easier.

Senator REED. It would make it simpler. It would make it much more simple for this subcommittee. This could be a very short hearing, Mr. Secretary.

ONSHORE INSPECTION FEES

Turning now from offshore to onshore. One of the proposals that we discussed quite seriously in the appropriations process last year, was an onshore inspection fee, that the BLM would be able

to charge, an increase in fees, for that effect. That fee would be to increase their ability to inspect, to permit, in fact, to provide the kind of certainty and responsiveness that the business community really should have.

That was not successful, but I think, in the context particularly of the emphasis on making sure we get these fracking regulations done right and not just the regulations and the reporting, but the inspections, my feeling is that this fee increase would be appropriate and would be used for the same purpose. That purpose would be to facilitate both the exploration and recovery of these resources, while doing it safely so that we don't have contaminated water and don't have unexpected consequences. Is that your view also?

Secretary SALAZAR. I agree with you, Mr. Chairman.

Senator REED. And would you be supportive of the proposal in the budget to increase the fees on land-based as well as offshore?

Secretary SALAZAR. Yes.

Senator REED. Thank you very much.

LAND AND WATER CONSERVATION FUND

Let me just turn quickly to the LWCF because it has been mentioned before. It seems that the increases are focused in several specific areas—Montana, Wyoming, and in Florida. And the question really has been raised by a number of my colleagues, that this is a national program, and we understand that certain projects have particular needs and appeal and urgency. But there has to be, I believe, a much more even-handed or a comprehensive approach to try to fund projects across the country.

I could pick out urban projects in a number of places in the country. I could pick out projects that are east coast, south coast, et cetera. How can we help you provide a more comprehensive approach, based on merit, of course, than what seems to be appearing in the first cut of this budget?

Secretary SALAZAR. Senator Reed, Chairman Reed, let me say the way in which we could move forward with the true conservation agenda that fulfills the dreams of many in the conservation world would be to have enough money to be able to do many more of these landscapes. At the end of the day, this is about landscape-level planning.

When we look at the Crown of the Continent, from Yellowstone National Park up to Glacier and all of the work going on at three now national conservation areas there, we believe that with a collaborative effort, as opposed to operating in the silos of the agencies—the United States Forest Service, FWS, the BLM, and NPS—we can actually get that done.

The same thing is true with the longleaf pine in Georgia and Florida. And the same thing, frankly, would be true in a number of other landscapes that we would like to do the same thing with.

When I make the pitch, and it is not so in Senator Murkowski's case in Alaska, because Alaska is a world unto itself, very different situation than when you look at the lower 48. But there are landscapes, including many of those in the Northeast, which could benefit from this kind of investment and this kind of collaborative planning.

Criticism from some about investments in the LWCF, I will just say he is not on this subcommittee, but Senator Barrasso and Senator Enzi from Wyoming are great beneficiaries of the LWCF because the Grand Teton National Park alone would swallow up several hundred millions of dollars just to be able to buy out the in-holdings within Grand Teton National Park.

The need is tremendous, and the big problem we struggle with is how can we be most effective in implementing a conservation agenda that protects these landscapes of America and do it in a way that is going to be done in a timely manner?

So the Dakota Grasslands, the Flint Hills of Kansas, the Silvio O. Conte Connecticut River areas, all those are tremendous areas where there is just a huge need. I would hope, with the leadership of this subcommittee, that we can see some august, robust support for the LWCF.

GRAZING ADMINISTRATIVE FEE

Senator REED. Just a final question. The budget includes a proposed increase in grazing fees on BLM lands of \$1 from \$1.35 per horse to \$2.35—or per animal, I should say to be accurate, per animal to \$2.35. Even with such an increase, my presumption from what I have seen, would only cover a fraction of the BLM's cost to maintain this facility. I would also assume that comparative or relative to leasing private grazing property, even with this increase, there would be a very, very small charge. Is that a fair estimate, based on your analysis?

Secretary SALAZAR. That is very accurate, Chairman Reed. The fact of the matter is, and I know ranchers, including in my family, who rent lands for probably \$10, \$11 an Animal Unit Month (AUM), \$12 in the State of Colorado. So when you think about the public lands being leased out at \$1.35 an AUM, adding the \$1 administrative fee at \$2.35 still gives a tremendous benefit and advantage to part of the heritage of this country, which is the ranching heritage of America.

Senator REED. Thank you very much.

Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

OFFSHORE INSPECTION FEE

I just have a small handful of questions remaining here. But I want to follow on the chairman's questions about the increased fees that were placed in last year's appropriations bill, 50 percent of which to fund the personnel and the mission-related costs. You have indicated that you are pushing to get additional personnel brought on. We greatly appreciate that.

With that, are you seeing that the amount of time that it takes to approve the plans, the approvals, are they moving forward as you are able to add more on? Are we seeing any noticeable gains yet in that?

Secretary SALAZAR. If you look back just at the last year from today to February this day a year ago, we have seen a number of exploration plans approved. We have seen permits issued, including I think more than 130 in the shallow water in the gulf and 60 in the deepwater. We are moving forward with that effort.

On the hiring part, we are putting a lot of emphasis on it. In fact, we were having a conversation this morning about how Admiral Watson and Tommy P. Boudreau will make sure we are expediting the hiring of these people, and the flexibility you gave us in the budget to be able to pay 25 percent more for petroleum geologists and others who have the expertise will help us get the job done.

Senator MURKOWSKI. So you are still working to get there, is what you are saying?

Secretary SALAZAR. We are on the case, but it is not stopping us from moving forward.

Senator MURKOWSKI. All right. Thank you.

ONSHORE ROYALTY RATE

Yesterday, in the Energy Committee, I asked a couple questions about the onshore leases and the increase in the royalties, and the chairman has alluded to that in his question, et al. You mentioned that yesterday you were looking at several studies and mentioned the Government Accountability Office (GAO) study, I guess it was. But you said you were going to be taking that all into account.

And I left the hearing thinking, well, wait a minute. If you are going to be taking into account these various studies that are out there, but yet the budget makes very clear that you are going to be raising the rates 50 percent for all onshore oil and gas production, it seems like you have already made up your mind on doing this.

So I guess I have a question in terms of why are you going back and doing the studies now if you have already made the decision that you are going to move forward, or is that still in flux, the decision as to whether or not you bump up the fees an additional 50 percent?

Secretary SALAZAR. Senator Murkowski, it is still in flux in the sense there is additional information and study to be done. As you know, when you put a budget together, you are forecasting what may be happening, and that is what OMB did in this particular case.

At the end of the day, North Dakota just increased its royalty rates on State lands I think more than 18 percent. We know the numbers out of Texas and Wyoming, and I think the GAO was correct in making its finding at the 12.5-percent royalty rate, which has been in place since 1920, that the American taxpayer was not getting a fair return.

I believe we need to make sure we honor that principle of getting a fair return.

Senator MURKOWSKI. Well, we all want a fair return. But I would again urge you to make sure that we are taking into account what we are paid for those initial leases, to make sure that is factored in because that, clearly, is a return that comes to the taxpayers. And again, to ensure that where we are not going to be in a situation where we are not competitive.

NATIONAL WILDLIFE REFUGE FUND

I wanted to ask you about the National Wildlife Refuge Fund. I mentioned it in my opening statement. Apparently, the mandatory

portion of this fund is going to continue to go to the local counties, but you are proposing to eliminate the discretionary portion of the program.

And again, I will take you back to my rhetorical question, I guess, in my opening, which was what do you do for States like Alaska where we really are very limited in terms of our options? You have got the PILT payments coming. You are suggesting that it is going to be a 1-year continuation. Offsets haven't been identified. How do we deal with this, and can you tell me why you have chosen to eliminate the discretionary side from the National Wildlife Refuge Fund?

Secretary SALAZAR. Senator Murkowski, we still will have I think it is \$8 million set aside for the payments to the counties, which are a form of PILT, as you mentioned.

Senator MURKOWSKI. Right.

Secretary SALAZAR. In terms of the other \$14 million cut for the refuge fund that is in the budget, I will only say that, again, as one of those cuts which is a painful cut to take, I wish we didn't have to do it. At the end of the day, the concerns some of you have with the cuts proposed in this budget, they will all sort out relative to how the United States, the Congress, the President move forward with respect to dealing with some of the debt, deficit, and revenue issues needed to fund the Government.

Senator MURKOWSKI. Well, we will continue to talk about that one. We have got to figure out a good path forward. I appreciate the budget constraints that you are dealing with.

I have got a couple questions about wood bison in Alaska and Unimak Island that relates to the caribou, but I will give you those in written format.

GEOLOGICAL SURVEYING OF AFGHANISTAN

Senator MURKOWSKI. But I do have one. I think this is really quite interesting. Apparently, in September of last year, USGS issued a press release that described the process that had been made in the geological surveying of Afghanistan, and they used some hyperspectral imaging and indicated in the release that more than 96 percent of Afghanistan is now mapped using this advanced technology.

And I mean, that is all good, and clearly, the work is important. But we also have great opportunities with our own resources here in this country, certainly in Alaska. And of course, we all have to figure out, well, how do you pay for this type of mapping?

In comparison to the 96 percent of Afghanistan that according to USGS has been geologically surveyed using these technologies, we are told that only 5 percent of the United States has been mapped using the same technologies. I don't know if this is true. I don't know if you can give me this answer today.

But if it true, if you really do have this very stark difference between what we know about mineral-related investments that this administration is making in Afghanistan versus Alaska, do we know whether in this budget we have sufficient funding to start focusing on the United States mapping? I don't know if it is in there.

But this is, again, one of those interesting data points that you say, well, gosh, if we can afford to be mapping Afghanistan, we

would assume that this country is mapped, and I know for a fact that it is not. So can you help me out with that one?

Secretary SALAZAR. On Afghanistan, obviously, because there has been huge investment both by the Bush administration and by President Obama's administration in Afghanistan, those were all reimbursable costs, as I understand, to the USGS.

I will note, Senator Murkowski, the USGS just developed a study that looked at shale gas in Alaska, including the important areas of the North Slope, which you care so much about. I take your comment seriously, and one of the things I will do is I will talk to Dr. McNutt and to Bob Abbey to see whether there are some ways in which the technology that has been developed with efforts here in the United States, we have a good foundation from which to start.

But maybe even taking the lessons from Afghanistan to be able to deal with some of the other mapping and surveying issues which you have talked about. Let me take that under consideration, see whether there is something we might be able to do.

Senator MURKOWSKI. Okay. I would recommend you start alphabetically with the States.

GOVERNMENT REORGANIZATION

Senator MURKOWSKI. We got a lot that we can cover up North. And then, Mr. Chairman, with your indulgence, what do you think about the proposal to move the National Oceanic and Atmospheric Administration (NOAA) from the Department of Commerce to the Department of the Interior?

Secretary SALAZAR. Well, Senator Murkowski, first, the President was very clear in asking for the authority to be able to reorganize the Government. That is first and foremost because with that authority, there are probably other areas in Government that do need to be consolidated. We still have much of our Government which was created 100 years ago and really hasn't caught up to the 21st century.

President Ronald Reagan had the authority to do reorganizations and consolidations. I think it is a simple request from the President.

On the question of NOAA and the Department of the Interior, there are synergies that could be developed if there was such a consolidation. But we are not at this point looking at it until we get the authority from the Congress to move forward.

Senator MURKOWSKI. So you really haven't invested any time or effort to see how those synergies might come together?

Secretary SALAZAR. I have seen studies from outside groups that indicate it would be a good idea, but any reorganization undertaken is always a difficult one and takes time to do it right. I tried to do a little consolidation with OSM and BLM, and we know what happened with that.

Secretary SALAZAR. A reorganization of the kind that would bring NOAA and the Interior together, it would be an effort that would take a significant amount of time to do it right. Where the President is on this issue and where I am and my colleague Secretary Bryson are is we are supportive of giving the President the authority.

It doesn't make sense for us to engage in any kind of study on any of these reorganizations until we have that authority.

Senator MURKOWSKI. Thank you.

Mr. Chairman, I just might point out that if fisheries were under the Secretary's jurisdiction here, we could probably ensure better salmon dinners, and we will work with you on that.

Senator REED. Thank you, Senator Murkowski.

Mr. Secretary, thank you very much, and your colleagues, for your testimony today.

ADDITIONAL COMMITTEE QUESTIONS

We will leave the record open until next Wednesday if there are additional statements or questions by any of my colleagues, and would ask you, Mr. Secretary, you and your staff to respond as quickly as possible.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR JACK REED

OFFSHORE WIND

Question. Rhode Island has been helping lead the way on offshore wind in developing its "pilot-scale" offshore wind project in the State waters off Block Island, which will provide important engineering and environmental expertise for these new technologies in the water. How will the Department of the Interior (DOI) partner with Rhode Island on these efforts?

Answer. Rhode Island continues to be a valuable partner at the forefront of offshore renewable energy development with DOI. Rhode Island's work in developing its Special Area Management Plan provided essential information to support DOI's decisions. The Bureau of Ocean Energy Management (BOEM) Rhode Island OCS Renewable Energy Taskforce continues to be an effective means of expanding this partnership at the Federal, State, local, and tribal levels. Through its Environmental Studies Program, BOEM is addressing issues and concerns identified by Rhode Island. For example, BOEM is partnering with the University of Rhode Island to develop protocols and modeling tools to support offshore wind development. Ongoing and future studies funded by BOEM through the Environmental Studies Program will investigate changes to recreation and tourism activities that may result from offshore wind energy development. BOEM is also conducting a study of best management practices to foster compatible development of offshore energy with fishing activities. BOEM also engages routinely with the Rhode Island Fishery Advisory Board and Habitat Advisory Board. Finally, to ensure an efficient and responsible environmental review, BOEM is combining its review of the transmission cable system with the U.S. Army Corps of Engineer's (COE) review of the pilot project under the National Environmental Policy Act (NEPA) and required consultations under Federal law.

Question. Mr. Secretary, I appreciate that the commitment you made in the hearing to expedite BOEM's efforts to process right-of-way applications for the transmission line between Block Island and the Rhode Island mainland. Would you also make a similar commitment to expedite the consultation of any agency within DOI, such as the National Park Service (NPS), with other Federal agencies including COE that would have a role in the siting and approval of the State water project?

Answer. Yes. The President has directed that all Federal agencies, including NPS and COE, do everything that can be done to expedite consultation and to be supportive in siting and approving projects in State waters. In these times of fiscal restraint, partnering between Federal agencies ensures that resources are spent more efficiently and are directed to those areas of greatest concern. Partnering also ensures the maximum use of collaboration between all stakeholders at the Federal, State, and local levels. In keeping with our "Smart from the Start" Initiative, I am committed to accelerating the leasing process changes in order to build a robust and environmentally responsible offshore renewable energy program that also creates jobs here at home.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

CADIZ

Question. Last November the Interior Department's Solicitors office issued a memorandum known as the "M Opinion" which stated that railroad companies lack authority to permit activities along their right-of-way unless the projects directly benefit railroad operations. The proposed Cadiz water project in the Mojave Desert has proposed using the Arizona & California Railroad's Right of Way to construct a 43-mile long pipeline connecting their project site with the Colorado River Aqueduct. The project's Draft Environmental IR suggests that the water pipeline would benefit the railroad because it would allow them to place fire hydrants along the route for fire suppression. Can you tell me are fire hydrants typically placed along the Bureau of Land Management (BLM) granted-railroad right-of-ways?

Answer. We are not aware of any hydrants placed on BLM-granted railroad rights-of-way. We would need to review each authorization to determine if hydrants are present.

Question. Do they exist along any railroad right-of-way in the desert southwest?
Answer. We can only speak to those railroad right-of-way grants that we approved. We do not know if other railroad grants involve hydrants. The Federal Railroad Administration or Surface Transportation Board may be able to clarify this.

Question. What steps has the Department of the Interior taken to assess Cadiz' proposed use of the right-of-way as it relates to the "M Opinion" or assert its jurisdiction to regulate the use of the Right of Way for nonrailroad purposes?

Answer. BLM is currently in the process of assessing Cadiz' proposed use of the right-of-way as it relates to the "M Opinion." As part of that assessment, the BLM California State Office has taken the following steps:

On January 10, 2012, the BLM California State Office sent a letter to all railroad companies with rights-of-way authorized under the authority of the 1875 Railroad Act in California, including the Arizona & California Railroad, which has entered into a lease for a pipeline for the Cadiz project. The letter requested the companies to disclose agreements for third-party easements within 30 days. The Arizona & California Railroad (ARZC) responded to this request on February 15, 2012, requesting additional information about specific ROWs and the areas for which BLM is interested.

On February 13, 2012, BLM's California State Director sent a letter commenting on the Draft Environmental Impact Report prepared by the Santa Margarita Water District and Cadiz, to comply with the California Environmental Quality Act. The comment letter requested copies of the plan related to water conveyance along the railroad, the Longitudinal Lease Agreement between Cadiz and ARZC and all other supporting documentation. BLM received a response letter from the Santa Margarita Water District which included copies of the Longitudinal Lease Agreement, an amendment to this agreement and correspondence between the Railroad and Cadiz.

On May 4, 2012, BLM sent a letter to ARZC, along with a copy of the Longitudinal Lease Agreement between ARZC and Cadiz requesting the company provide more information on how the proposed pipeline described in the Agreement furthers railroad purposes, and whether these design features are consistent with standard railroad industry practices.

On May 22, 2012, ARZC provided a response letter to BLM's May 4th request describing the "proposed water pipeline as a unique opportunity to bring fire suppression resources to ARZC's critical rail improvements in an efficient and cost-effective manner, as well as providing collateral rail operating benefits." It also asserts that "with respect to hydrants, fire suppression capability is a chronic and historical challenge in the rail industry, most particularly on rural lines with trestles and bridges." BLM is currently coordinating with FRA to understand the feasibility of these water features, and whether they meet the objective of furthering railroad purposes.

PRIVATE LANDS PERMITTING

Question. Secretary Salazar, I am concerned that the permitting of renewable energy projects on disturbed private lands remains more difficult than the process for permitting a similar project on pristine public land. The Conference Report accompanying the Department of the Interior's fiscal year 2012 appropriations legislation asked you to address this, stating:

"In order to facilitate better species protection and stewardship of public resources, the conferees expect that (the new Renewable Energy Permitting Office in the Fish and Wildlife Service) will develop permitting policies that make it less dif-

difficult and time-consuming to permit projects on disturbed private lands than on pristine public lands The conferees . . . support efforts by the Service to establish a pilot fee program using the Service's existing authorities."

Please describe how the Fish and Wildlife Service (FWS) has implemented this congressional directive to date, and please describe the Interior Department's strategy to address this matter during fiscal year 2013.

Answer. FWS has met this congressional directive by realigning support for renewable energy work in the Carlsbad, Ventura, and Nevada Fish and Wildlife Offices (FWOs). FWS opened an office in Palm Springs in August 2011, which is closer to where many renewable energy projects are located. The office covers southwestern San Bernardino County, and all of Riverside and Imperial counties. The Palm Springs FWO works on renewable energy projects in the desert area, including the Desert Renewable Energy Conservation Plan (DRECP). FWS has two offices working on renewable energy permitting in Nevada, one in Reno and one in Las Vegas. The Secretary of the Interior recently signed an agreement to finish the DRECP by 2013. FWS is developing the DRECP to address private lands impacts and to serve as the programmatic permitting mechanism for renewable energy projects in the desert in California while sustaining the conservation of listed species.

To help us be more responsive to renewable energy projects on private lands, the Service recently finalized a package of template documents and instructions that can be used by local FWS offices to establish reimbursable agreements with non-Federal entities that would provide additional funding. The additional funding can then be used to hire additional staff so that the Service can provide more timely environmental reviews of the projects.

GAMING

Question. Mr. Secretary, I am deeply disappointed that the Department was delinquent in responding to this subcommittee about the two controversial casinos that were approved in California last September. The Consolidated Appropriations Act, 2012 provided a 60-day window to respond; this deadline was missed by more than 2 weeks.

The Committee report language gave your Department an opportunity to verify the claim of strong local support for these projects, despite the fact that only 3 of 33 elected officials or public entities expressed support for the casinos. I find it hard to believe that three support letters constitute "strong local support" as your document claims, particularly when Yuba County voters expressed opposition to one of the casinos in an advisory measure.

Since Californians continue to be puzzled by the claim of "strong local support" for these casinos, I would like to follow up on the Committee Report.

Of the 33 elected officials and bodies that you are required to consult with, how many have expressed support, in writing, for the casino projects?

Answer. The Department received six express declarations of support from local units of government, with respect to the Enterprise Rancheria's application for a Secretarial Determination under the Indian Gaming Regulatory Act. These statements of support were discussed in the Department's September 1, 2011, decision at page 25. It is important to note that these supportive comments were submitted by the City of Marysville and Yuba County, in which the Enterprise Rancheria's proposed gaming facility would be located. These local units of government would experience the most significant impact of the tribe's proposed gaming facility. The Department previously provided the subcommittee with a copy of the September 1, 2011, Secretarial Determination for the Enterprise Rancheria on March 8, 2012, as an appendix to our response to House Conference Report No. 112-331 Directive.

The Department received seven express declarations of support from local units of government, with respect to the North Fork Rancheria's application for a Secretarial Determination under the Indian Gaming Regulatory Act. These statements of support were discussed in the Department's September 1, 2011, decision at pages 43-45. It is important to note that these supportive comments were submitted by the City of Madera and Madera County, in which the North Fork Rancheria's proposed gaming facility would be located. These local units of government would experience the most significant impact of the tribe's proposed gaming facility. The Department provided the subcommittee with a copy of the September 1, 2011, Secretarial Determination for the North Fork Rancheria on March 8, 2012, as an appendix to our response to House Conference Report No. 112-331 Directive.

Question. How many have expressed opposition?

Answer. The Department received three express declarations of opposition from local units of government, with respect to the Enterprise Rancheria's application.

These statements of opposition were discussed in the September 1, 2011, Secretarial Determination at pages 26–27.

The Department received two express declarations of opposition from local units of government, with respect to the North Fork Rancheria's application. These statements of opposition were discussed in the September 1, 2011, Secretarial Determination at page 44.

It is important to note that the Department provided a meaningful opportunity for local units of government to comment on the tribes' applications, pursuant to our regulations at 25 CFR part 292. A majority of those local units of government declined to submit comments to the Department on the tribes' applications.

Question. How much weight was given to Yuba County Measure G, the advisory vote rejecting the proposed casino in Yuba County?

Answer. The Secretarial Determination issued on September 1, 2011 for the Enterprise Rancheria contains a discussion of how the Department considered Measure G in reviewing the tribe's application at page 25.

Question. What needs to be done to ensure that county voters and residents can have their voices heard in this process?

Answer. On June 13, 2011, the Assistant Secretary—Indian Affairs issued a memorandum explaining how the Department would consider tribal applications for Secretarial Determinations under the Indian Gaming Regulatory Act. In that memorandum, the Assistant Secretary noted "In my view, IGRA and the Department's regulations, at 25 C.F.R. Parts 151 and 292, adequately account for the legal requirements and policy considerations that must be addressed prior to approving fee-to-trust applications, including those made pursuant to the "off-reservation" exception. Specifically, the recently enacted part 292 regulations require exacting review of requests for off-reservation gaming."

Part 292 regulations were promulgated pursuant to IGRA and other statutory authorities. Under the IGRA's "off-reservation" exception, a tribe may conduct gaming on lands acquired after October 17, 1988 only if:

"The Secretary, after consultation with the [applicant] Tribe and appropriate State and local officials, including officials of other nearby Indian Tribes, determines that a gaming establishment on newly acquired land would be in the best interest of the Indian Tribe and its members, and would not be detrimental to the surrounding community."

The Department continues to believe that existing law and regulations ensure a careful review of tribal applications for Secretarial Determinations under IGRA, which will allow for a meaningful opportunity for local communities to participate. It is important to note that Secretarial Determinations issued pursuant to IGRA are subject to the concurrence of the Governor of the State in which tribal gaming activities would occur.

Question. Some of the most vocal opposition to these casinos has been from tribes, especially those who believe that new casinos should be built on the tribe's aboriginal lands—not in the most profitable location. This is consistent with the position of the National Indian Gaming Association. To what extent did you engage in consultation with these tribes and how did you respond to their concerns?

Answer. The Assistant Secretary's June 13, 2011 Memorandum on processing tribal applications under IGRA's Secretarial Determination Exception was issued after thorough consultation with tribal leaders throughout the United States over a period of 3 months. Similarly, the Department's regulations at 25 CFR part 292 were promulgated in 2008 after years of tribal consultation, as well as after a period of public notice and comment.

With respect to the applications of the Enterprise Rancheria and the North Fork Rancheria, the Department adhered to the requirements set forth in governing regulations. In an effort to be transparent and inclusive, the Department even considered comments submitted by tribes outside the scope of what is required by our regulations. The September 1, 2011, Secretarial Determination for the Enterprise Rancheria contains a discussion of comments submitted by other tribes at page 27. The September 1, 2011, Secretarial Determination for the North Fork Rancheria contains a discussion of comments submitted by other tribes at page 45.

Question. Are the proposed casino sites on land that is within the undisputed aboriginal territory of the appropriate tribe?

Answer. Neither IGRA nor the Department's regulations, at 25 CFR part 292, require a tribe's proposed gaming facility be located within its "aboriginal territory." Nevertheless, the Department's regulations require us to evaluate the existence and extent of a tribe's "significant historical connection" to a proposed gaming site when making a Secretarial Determination under IGRA. The September 1, 2011, Secretarial Determinations for both the Enterprise Rancheria and the North Fork

Rancheria concluded that both tribes established a “significant historical connection” to their respective proposed gaming sites.

The September 1, 2011, Secretarial Determination for the Enterprise Rancheria contains a discussion of the tribe’s significant historical connection to the proposed gaming site at pages 13–14. The September 1, 2011, Secretarial Determination for the North Fork Rancheria contains a discussion of the tribe’s significant historical connection to the proposed gaming site at pages 11–17.

BUREAU OF LAND MANAGEMENT SOLAR SUPPLEMENTAL DRAFT PROGRAMMATIC
ENVIRONMENTAL IMPACT STATEMENT

Question. Last October, BLM issued its Draft Supplemental Solar Programmatic Environmental Impact Statement (PEIS), which includes large amounts of “variance” lands outside the solar zones. It is my understanding that while applicants are strongly encouraged to pursue projects within the identified solar zones, BLM will also consider permitting development in these “variance” areas. While some flexibility to consider lands beyond the zones may be necessary, I find it highly problematic that an estimated 50,000 acres of land that were donated or purchased with Land and Water Conservation Fund dollars have been included in the variance lands. Given that these lands were intended to be preserved in perpetuity, I do not believe they should be open for development. Can you tell me what is the process by which the BLM will consider and grant permission for solar projects to be constructed on “variance” lands?

Answer. The process for considering solar projects on “variance” lands has been delineated in the Supplemental Draft Solar PEIS in detail. However, no final decision has been made. In addition, there might be market, technological, or site-specific factors that make a project appropriate in a non-solar energy zone area. BLM will consider variance applications on a case-by-case basis based on environmental considerations; consultation with appropriate Federal, State, and local agencies, and tribes; and public outreach. All variance applications that the BLM determines to be appropriate for continued processing will subsequently be required to comply with National Environmental Policy Act (NEPA) and all other applicable laws, regulations, and policies at the applicant’s expense. Applicants applying for a variance must assume all risk associated with their application and understand that their financial commitments in connection with their applications will not be a determinative factor in BLM’s evaluation process.

Question. Why have donated and LWCF-acquired lands been included among the “variance” lands and what steps are being taken to avoid their development?

Answer. Comments received on the Supplement to the Draft Solar PEIS have requested that donated and LWCF-acquired lands be identified as exclusion areas for utility-scale solar energy development. BLM is currently considering this request, but no decision has been made yet. We would be available to brief your office directly in more detail at your request.

CENTRAL VALLEY PROJECT

Question. Last week the Bureau of Reclamation (BOR) released its initial water allocations for Central Valley Project (CVP) water users. Given the low precipitation and Sierra snowpack we have experienced in California, the 30-percent water allocation for agricultural service contractors is disconcerting, but not altogether surprising. Significant carry-over storage appears to have helped boost reservoir supplies, but it is unclear whether those supplies are sufficient to provide all the water necessary to meet the needs of farms and communities for the remainder of the year. Can you tell me:

If there is not significant additional precipitation in the remaining weeks of the wet season, how will this affect future water allocations for the remainder of the water year?

Answer. The initial 30-percent allocation to agricultural water service contractors in February 2012, was due to very dry hydrologic conditions. December, typically one of the wettest months in California, ended up being one of the driest on record. The dry pattern continued through mid-March. Since mid-March, improved precipitation in the Sacramento Valley and improved snowpack in the Northern Sierra resulted in increases to the allocation for CVP San Joaquin Exchange and Sacramento River Settlement Contractors, wildlife refuges, agricultural, and municipal and industrial water service contractors in April. As of May, the allocation for north of delta agricultural water service contracts was 100 percent, but the allocation south of delta agricultural water service contractors remained lower at 40 percent. The lower allocation south of the delta is a reflection of constraints on exports from the Delta and the loss of pumping windows during the winter when conditions were

much drier. In the San Joaquin Valley, precipitation did not improve as significantly as it did in the Sacramento Valley. The initial allocation to Friant Class I contractors was 35 percent which increased to 55 percent as of May 24. The Friant Class II allocation remains zero.

Question. What administrative actions can BOR take to help ensure adequate water supplies to San Joaquin and Sacramento farmers this year?

Answer. BOR developed a series of actions in the CVP Water Plan 2012 to help support water management efforts this year. The plan, available at <http://www.usbr.gov/mp/pa/water>, identifies actions related to Joint Point of Diversion, Exchange Contractors' transfers, and California Aqueduct/Delta-Mendota Canal Intertie operations. BOR also worked with the water community to identify opportunities for transfers and administrative actions to better manage available supplies.

YUROK FUNDING

Question. Secretary Salazar, Yurok Chairman O'Rourke recently wrote to your Department seeking assistance with the historic and continued under-funding for Yurok tribal government, law enforcement and transportation needs. I share his concerns and hope that your staff will give his request for additional funding all due consideration.

To help clarify some outstanding questions raised by Chairman O'Rourke, I hope that you can provide me with answers to the following questions.

Has your Department reviewed and analyzed the Yurok Tribe Justification and Request for Increased Base Funding, which was provided to the Regional Office and conveyed to the Assistant Secretary earlier this month?

Answer. The Department received and reviewed the "Yurok Tribe Justification and Request for Increased Base Funding." The Bureau of Indian Affairs (BIA) has examined the request, and we hope that our explanation of the issues raised by the tribe are addressed in the explanation of Tribal Priority Allocations (TPA) which are below.

Question. Do you agree with the conclusions reached in this document, particularly that the tribe is disproportionately underfunded?

Answer. In general, the distribution of TPA funds is sound. Tribes with historically larger populations and/or larger reservations receive proportionately larger shares of TPA funds. Adjustments reflecting treaties, court decisions, executive policy decisions, and congressional acts are also factored into the distributions.

The allocation of resources among the regions and tribes is based on a complex set of historical, geographical, demographic, political and programmatic factors. Today, "base funding" identifies the basic contract amount of services on which a tribe can rely from 1 year to the next—the base amount from which budget increases or decreases are calculated. The base funding amount is the result of years of legislation, appropriations, and BIA administrative policies.

At various times, especially in the past several decades, the Federal Government has emphasized the development of certain natural resources and provided additional funding for those programs. Additional funds were provided only to tribes owning such resources, and those funds were made part of the tribe's recurring TPA base funding. On the other hand, several programs were removed from tribal recurring bases, as well. These programs included the Housing Improvement Program and Road Maintenance program; many tribes had ranked these programs as top priorities and had allocated a substantial amount of their funding for them. When these funds were reduced or eliminated from the TPA base, tribes that had these programs listed as top priorities lost significant portions of their base funding.

At various times, the BIA has emphasized certain programs, such as Human Services. At those times, the BIA has requested additional funding for those programs. Tribes with higher populations received a high proportion of these funds, which were then made part of their recurring TPA base to meet ongoing needs. However, increased tribal enrollment, whether through changes in membership criteria, or natural population growth, has not been considered a factor in distributing additional funds for TPA programs. Migration to and from reservations, particularly as economic opportunities change, has not been accounted for in any calculations of TPA funding.

As a result of treaties, court decisions, executive policy decisions, and congressional acts, the legal obligations and funding for particular tribes have resulted in unique recurring funding levels for those tribes. Additionally, these funds were incorporated into various tribes' bases to address the prospect of litigation from these tribes against the Federal Government for failure to support certain activities required by treaty, statute, or the Government's trust responsibility.

Question. What is the minimum per-capita funding that a rural, nongaming tribe should receive?

Answer. The BIA does not establish a minimum per-capita funding level for any tribe, regardless of locality or gaming status. However, the Small Tribes Initiative was established to address a funding allocation process that consistently failed to take into consideration the basic funding needs of small tribes. These tribes have small memberships and most have little or no land or natural resources. The initiative attempts to ensure that all tribes, regardless of population size, land base, or natural resources, will receive a recurring base of \$160,000 for tribes in the continental United States. The base funding amount is considered sufficient to enable small tribes to put in place and maintain the management systems necessary to account for funds and ensure compliance with applicable laws and regulations. The funding also permits tribes to establish and maintain administrative mechanisms sufficient to establish viable tribal office operations and service delivery systems.

Question. If a per-capita formula is inappropriate, please explain what formula your Department does use and why it is the more appropriate funding mechanism.

Answer. A per capita formula is inappropriate to use. At one time, the Government Accountability Office (GAO) developed an analysis of the TPA base funding per tribe. Their analysis showed that there is considerable variation in per capita funding between regions and tribes. For example, in the comparison between regions, GAO found the average TPA funding per capita Nationwide was \$601; however, in Eastern Oklahoma TPA per capita was \$121 and in Northwest TPA per capita was \$1,020. This level of analysis, though, ignores that the Eastern Oklahoma Tribes tend to have small land bases while the Northwest Region Tribes have both reservations and significant natural resources held in trust.

The only funding formula that the Department uses for the distribution of base funding is the TPA process. Many difficulties arise in any effort to develop an allocation system that takes into account the relative means of the tribes. Determining the type, extent, and magnitude of tribal revenues is the first difficulty. In an era when the BIA had a continuous presence on the reservation and managed an Indian Tribe's affairs, BIA personnel knew about all tribal business activities. In the current era of Self-Determination and Self-Governance, the BIA often does not know the extent of tribal businesses. There is no assurance that the financial statements and reports even exist for all tribal business. Even if they exist, there is no assurance the format and content of the statements and reports may be readily compared or that the tribes would give BIA the information.

The current TPA process is the most appropriate due to the efforts of the BIA in consulting with tribes and tribal leaders in the early development stages of the TPA process.

Question. As a small and needy tribe, what supplemental funding can be identified to address this shortfall?

Answer. The Catalog of Federal Domestic Assistance is a valuable resource because it identifies programs which identify tribal governments as eligible applicants. These programs are available and the BIA has seen increased outreach efforts by a number of Federal agencies, which is an indicator that tribal participation in these other programs may show steady increases and a bridged gap in shortfalls.

SAN LUIS REY WATER SETTLEMENT

Question. In 1988, the Congress passed the San Luis Rey Indian Water Rights Settlement Act which provided a framework for resolving the decades old water dispute in Northern San Diego County. Within the last 2 years the five Indian Bands and the cities of Escondido and Vista have reached an agreement on how to proceed, however the Department of the Interior—as the bands' trustee—has yet to approve the deal.

What are the primary unresolved issues which prohibit you from approving this settlement?

Answer. The Department of the Interior believes that the proposed settlement agreement drafted by the Bands and the local entities is inconsistent with the 1988 San Luis Rey Indian Water Rights Settlement Act ("Settlement Act") and contemplates obligations for the United States which exceed the authority and intent of the Act. The Department's position on the core issue in dispute, discussed below, was conveyed to the Bands as early as 2004, and has been reiterated multiple times across at least two administrations.

The central point of contention concerns the scope and effect of the Settlement Act. The Department believes that the Settlement Act fully and finally quantified and resolved all of the Bands' Federal reserved water rights. The Department believes this position is fully supported by both the plain language of the Settlement

Act and the congressional record behind the enacted legislation. In full settlement of the Bands' reserved water rights claims and to satisfy the obligations of the United States to the Bands as trustee, the Settlement Act established a \$30 million trust fund and also required the Secretary to acquire and deliver 16,000 acre-feet per year of imported water to the Bands. The Bands and local entities disagree with this interpretation and rely on language from, and the legislative history behind, prior unenacted bills to assert that, in addition to the 16,000 acre-feet per year of imported water identified in the Settlement Act, the Bands retain claims to reserved water rights in waters originating within the San Luis Rey River basin.

Question. What is the timeline for you to resolve these issues?

Answer. The Department is committed to the expeditious development of a settlement agreement consistent with the Settlement Act, should the parties wish to pursue such an agreement. The Department has engaged in dozens of settlement discussions with the parties over the last several years and has offered multiple approaches to fashioning an agreement which would make the benefits of the Settlement Act available to the Bands. The Department views the quantity of water together with the specific exchange authority provided by the Settlement Act as an exceptional asset that holds the potential to provide the Bands with a permanent and reliable water supply unobtainable through any other means. If the parties are willing to pursue an agreement based upon the benefits explicitly set forth in the Settlement Act, the Department is hopeful that a final agreement could be developed this year.

Question. Does the 16,000 acre/feet of water provided by the Settlement have federally reserved status?

Answer. The Congress directed the United States, through the Secretary of the Interior, to acquire and deliver 16,000 acre-feet of water to the Bands in settlement of the Bands' reserved water rights claims. This water cannot be forfeited or abandoned and is federally protected water that, in the Department's view, constitutes a trust asset.

Question. Under your interpretation of the Settlement Act, does it preclude tribes from using existing ground and surface water on their reservations?

Answer. No. All five Bands have historically used either local surface water, ground water through domestic or community wells, or some combination of both. These uses have never been challenged. There is no reason that these uses could not continue following implementation of the Settlement Act.

Question. Does this water have federally reserved status?

Answer. The purpose of the Settlement Act is "to provide for the settlement of the reserved water rights claims of the la Jolla, Rincon, San Pasqual, Pauma and Pala Bands of Mission Indians" by providing the Bands with 16,000 acre-feet per year of supplemental water and a \$30 million trust fund. Against the backdrop of this congressional intent, the United States would not assert Federal reserved water rights on behalf of the Bands to local water sources.

Question. The Settlement Act provides the authority to exchange settlement water for water from other sources. Once this exchange occurs, is the federally reserved status of the water maintained?

Answer. The Settlement Act resolved the Federal reserved water rights claims of the five Bands by directing the Secretary to acquire and deliver 16,000 acre-feet of water imported annually to supplement the waters under dispute in the basin. The Department takes the position that this water is a trust asset to which the obligations of the United States attach. The Congress further authorized specific and limited authority for exchanges of the imported water for water from other sources for use on the Bands' reservations. If the water provided by the United States is exchanged consistent with the authority of the statute for water from another source, the Department believes that the trust asset character of the water can follow the exchange and be applied to this new source and that the Bands' use of water from this source could be protected as such.

FEE TO TRUST PROCESS AND APPLICATIONS

Question. One of the most common concerns I hear expressed by tribes in California is the length of time it takes the Department to make decisions on fee to trust applications.

In some cases I believe the Department acts responsibly in conducting a deliberative process, especially when gaming is involved. But in other cases, I believe the Department could and should move more quickly. This will require a more open, transparent process, and better communication with local interests.

How many trust applications are pending in California? How many are for gaming?

Answer. California has 134 applications pending, of which 13 are for gaming.

Question. What has been the average length of time it takes to process a trust application for a California tribe in the last 10 years?

Answer. The time it takes complete an application varies depending upon a number of factors, including the stated purpose of the acquisition, comments from interested parties, environmental concerns, and concerns stemming from the Supreme Court's decision in *Carciari v. Salazar*. Some applications can be completed in less than 2 years, while others have taken up to 5 years.

Question. On average, how long does it take the Department to notify the local interests of a new trust application in their area? What steps are you taking to improve notifications?

Answer. On average, it takes the Department 6 months to notify the local interests. Actions that have been taken to improve the notification process include the development of a national policy identifying timeframes associated with the process, revising the Fee-to-Trust Handbook, implementing guidance to process mandatory acquisitions, replacing the Fee-to-Trust tracking system with an improved collaborative system, and developing performance measures for senior executives to process applications.

Question. To what extent do gaming acquisitions slow the process of trust land approvals in general?

Answer. Gaming applications require more work/information/approval levels and require preparation of an Environmental Impact Statement rather than an Environmental Assessment. The tribe must coordinate processing with the State and local governments and applications generally receive more scrutiny for compliance with NEPA, IGRA, and applicable gaming and land acquisition regulations.

Question. Do the same staff analyze both gaming and nongaming applications? Does this create a situation where nongaming trust applications receive less staff time because of the more intensive process required for gaming acquisitions?

Answer. Yes, staff does perform work on both gaming and nongaming applications. The nongaming applications do compete for staff time as the gaming acquisitions are labor intensive.

Question. Is it possible for a parcel taken into trust using the nongaming procedure to ever be used for gaming activities?

Answer. Yes, in some circumstances. Section 20 of IGRA provides that for lands that are within reservation boundaries or contiguous thereto, BIA has the authority to take land into trust that can subsequently be used by a tribe for gaming purposes. Requests for gaming must still be approved using section 20 of IGRA, whether the land is being taken into trust for that purpose or it is in existing trust status.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Secretary Salazar, an important Interior Department tool that Vermont and many other States, including New York, used during the floods caused by Hurricane Irene were the U.S. Geological Survey (USGS) river and lake gauges. These gauges helped our first responders save lives and property by providing real-time information as the waters rose. In addition, the gauges also provide a long-term value by helping track changes in our rivers and lakes for ongoing water quality control monitoring and improvements. Nonetheless the USGS has flagged 18 river and lake gauges in the Champlain watershed of Vermont and New York to be discontinued for lack of funding.

Do you agree with the assessment that the USGS river and lake gauging network in the United States represents one of the greatest return-on-investments of any dollar spent by your Department? Can you tell me what is needed to avoid any further damage to this critical network in Vermont and nationwide?

Answer. Yes, the USGS streamgaging network provides a great return on the American taxpayer's dollar. Information on the flow of water in America's rivers and streams is fundamental to national and local economic well-being, the protection of life and property, and the efficient and effective management of the Nation's water resources. According to the National Research Council (2004), "streamflow information has many of the properties of a public good, because everyone benefits whether they pay or not, and benefits to additional users come at no additional cost." There are many uses of streamflow information including:

- water resource appraisal and allocations;
- managing interstate agreements and court decrees;
- engineering design of bridges, culverts, and treatment facilities;
- the operation of reservoirs, powerplants, and locks and dams;
- evaluating changes in streamflow due to climate and land-use change;

- flood forecasting (warning) and flood plain mapping (planning);
- support of water quality evaluations; and
- assessing in-stream conditions for habitat assessments and recreational safety and enjoyment.

For many of the uses of streamflow information, it is difficult or impossible to assign an economic benefit to the information, though in many cases the benefits are evident. The National Weather Service (NWS) is one agency that reports an economic benefit on the use of streamflow data. NWS reports that over the last 30 years, there has been, on average, 94 deaths and \$7.8 billion in damages in personal and public property per year due to flooding on the Nation's rivers. Without streamflow information to calibrate and verify NWS forecast models, NWS would be "flying blind" in making flood forecasts, implying that the number of deaths and magnitude of losses to property would be much higher.

Question. The National Streamflow Information Program (NSIP), as authorized in the SECURE Water Act of 2009, was designed to provide stability to the national streamgauge network by providing a federally funded "backbone" network of streamgages to meet Federal needs for streamflow information. This backbone is supplemented with streamgages that are funded through partnerships to more fully meet State, tribal, and local needs for streamflow information. The enacted funding level for fiscal year 2012 for the NSIP is \$29.4 million and the proposed funding level for fiscal year 2013 is \$32.5 million. This increase during a time of fiscal constraints represents a commitment to increasing funding for the Nation's streamgages and greater implementation of the NSIP as described in the SECURE Water Act.

Has the Department's Climate Change Response Council, which you chair, analyzed the impact of these gauge closures in the face of potential climate change impacts which are likely to bring about new and greater flood risks?

Answer. Yes, the Department takes the issue of climate change very seriously with respect to water and other natural resources and hazards.

The effects of climate change in any given area are often widely debated. It is likely that certain areas of our Nation will be at greater risk of floods, while other areas are at greater risk of droughts, and some may see no change at all. Some of the first scientific work demonstrating the occurrence and consequences of climate change was produced through analysis of long-term streamflow information. For example, it was demonstrated that in the Northeast, river flows were getting higher earlier in the year as a consequence of snow pack melting sooner, and late summer flows were getting lower, while there was no discernible change in the average or peak flows. In other areas, such as the Southwest, it appears that stream flows are decreasing. Without an adequate number of streamgages located in optimal locations and providing comparable high-quality data, it will be increasingly difficult to detect and predict the consequences of climate change on water supply and hydrologic extreme hazards.

Question. With regard to white nose syndrome (WNS), which is still spreading across the country at a fast rate and has the potential to cost our Nation's farmers and consumers billions of dollars, can you tell me how the Department's request to reduce the Endangered Species Recovery account by more than \$1 million will impact the work being done on white nose syndrome and other important endangered species recovery work?

Answer. While our fiscal year 2013 budget request seeks a net overall reduction of \$1.59 million, the decreases are specifically targeted at discontinuing the Wolf Livestock Loss Demonstration Program and reducing funding for the State of the Birds activities in fiscal year 2013 in order to fund higher-priority conservation activities elsewhere in the budget request, such as the Cooperative Recovery Initiative. Through the Cooperative Recovery Initiative, the Service is requesting \$5.35 million to support a cross-programmatic partnership approach to complete planning, restoration, and management actions addressing current threats to endangered species on and around National Wildlife Refuges. In addition, the Service is continuing to place a high priority on addressing white nose syndrome (WNS) and bat conservation. In fiscal year 2012, the Service will allocate \$995,000 in State and Tribal Wildlife Grants for WNS research and monitoring by the States. In addition, \$485,000 in Refuge Inventory and Monitoring is estimated to be spent on work related to WNS monitoring and control on Refuges. The total amount being spent by the Service in fiscal year 2012 for WNS research and response activities will be at least \$4,855,000. Additional funding may also come from Cooperative Endangered Species Section 6 Grants or Adaptive Science competitive grants, if projects addressing WNS are chosen to be funded.

Question. In August, you announced that the U.S. Fish and Wildlife Service (FWS) would take full responsibility for sea lamprey control on Lake Champlain. In

this context, can you explain when we will see the funding required to implement the program become a part of the President's budget request so that your Department's commitment can be entirely fulfilled?

Answer. FWS funds a wide array of aquatic invasive species control, management, and prevention responsibilities across the country. Protecting the health and vitality of Lake Champlain and the significant fisheries resources, economic benefits, and jobs it provides is a high priority for FWS. The fiscal year 2013 President's budget includes \$380,000 in base funding for Sea Lamprey in Region 5 which supports 3.5 FWS base-funded full-time equivalents (FTEs) and four temporary/term FTEs based in the Lake Champlain Fish and Wildlife Resources Office in Essex Junction, Vermont. Through a reimbursable agreement, FWS currently works with the Great Lakes Fishery Commission, which receives funding from the State Department, to administer the Sea Lamprey control program.

Question. The White River National Fish Hatchery remains the best cold water National Fish Hatchery in New England and the Northeast. White River is the lynch-pin to Federal fishery restoration work from Lake Ontario all the way to Maine, but it is currently out of commission and requires approximately \$5 million in repairs as a result of damage caused by Hurricane Irene.

Can you confirm that repairs to the White River Hatchery will be a priority? Are sufficient funds requested in your budget proposal, and programmed, as needed, for the repairs to this hatchery to proceed without delay?

Answer. The White River National Fish Hatchery sustained approximately \$5.2 million in damages resulting from Hurricane Irene. Repairing the White River National Fish Hatchery will be among the highest priorities for the Fisheries Program. Emergency clean-up operations have already been completed. Additionally, the Northeast Region immediately redirected approximately \$620,000 in fiscal year 2011 deferred maintenance funding to initiate emergency mission-critical repairs. The President's fiscal year 2013 proposed budget includes \$1.9 million to reconstruct the water infiltration gallery and to demolish and reconstruct the fish-tagging building. Upon completion of the aforementioned projects, 100 percent of fish-rearing capacity and operational capacity will be restored. An additional \$2.6 million in damages to critical support infrastructure (e.g. roads, septic systems, etc.) will remain, which will need to be addressed through the application of annual deferred maintenance funds.

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

Question. As you know, both the EROS Data Center, located in my home State, and the Landsat series of satellites are very important resources, not only for South Dakota, but for our entire Nation and the international community. Lead time is required for developing these satellites, and it's important that we look now at how to proceed beyond Landsat 8, which is scheduled for launch next year. The budget request excludes funding for Landsat 9 mission development, which is very concerning to me. How does the United States Geographical Survey (USGS) envision the program to function beyond Landsat 8, and what coordination activities are currently underway with the National Aeronautics and Space Administration (NASA) and other agencies in examining how to continue the Landsat missions program and ensure mission continuity?

Answer. USGS received \$2 million in the 2012 omnibus appropriations bill to support program development activities for Landsat satellites 9 and 10. In fiscal year 2012, these funds are being used to consider options to obtain, characterize, manage, maintain, and prioritize land remote sensing data and to support the evaluation of alternatives for a Landsat 9 mission and other means for acquiring data. The fiscal year 2013 budget request includes \$250,000 to continue these efforts.

USGS is working closely with the Landsat user community, the Department of the Interior, the White House Office of Science and Technology Policy, and NASA to identify and consider all available options for maintaining the continuity of moderate-resolution land observation data for the Nation. USGS recently posted a Request for Information to solicit information and options for providing a dependable, long-term source for Landsat-like data to follow Landsat 8. Mission concepts may include revolutionary "clean-slate" technical approaches, as well as evolutionary upgrade approaches. Approaches may involve single- or multiple-satellite acquisitions, commercial data buy arrangements, public/private partnerships, hosted payloads, international collaboration, small satellites, or architectures utilizing combinations of space-based sensors. USGS is also supporting a National Research Council study on programmatic and operational alternatives for establishing a long-term source of Landsat-like data for the Nation. These efforts include a "Meeting of Experts" to ex-

amine the feasibility of new and emerging technology that might be applicable for sustaining global land observations.

QUESTIONS SUBMITTED BY SENATOR BEN NELSON

Question. Secretary Salazar, could you provide an update on the Platte River Recovery Program?

As you know, Platte River Recovery Implementation is a basin-wide effort undertaken by the Department of the Interior (DOI) in partnership with the States of Nebraska, Colorado, and Wyoming to provide benefits for endangered and threatened species.

I know you've included \$8 million for implementation in your request which I appreciate.

I was serving as Governor in 1997 when Nebraska entered into the Cooperative Agreement for Platte River Recovery Implementation. A little more than a decade later we were able to successfully authorize implementation as part of the Consolidated Natural Resources Act signed into law in 2008.

I believe the first increment of the program is to last a bit over a decade—wrapping up in 2019. What's the Department's assessment so far? What progress are we making and are we on the right track?

Answer. The Platte River Recovery Implementation Program (Program) continues to be a highly successful collaborative process, and also continues to receive broad support from water users, environmental and conservation entities, the States of Nebraska, Colorado, and Wyoming, as well as the U.S. Fish and Wildlife Service and the Bureau of Reclamation (BOR).

The Program has made significant and steady progress during the first 6 years of the 13-year First Increment. The most recent Program success has been the completion of the Pathfinder Modification Project, which was declared substantially complete on January 11, 2012. The Pathfinder Modification Project raised the spillway at Pathfinder Dam (a BOR facility) by approximately 2.4 feet in order to recover storage space in Pathfinder Reservoir which had been lost to sedimentation. The Pathfinder Modification Project is a contribution to the Program by the State of Wyoming, and no Federal appropriations were required to modify the spillway at Pathfinder Dam. The Pathfinder Modification Project's Environmental Account in Pathfinder Reservoir will provide up to approximately 34,000 acre-feet (AF) of water for the benefit of the Program's target species.

The Program will implement the Land Plan in order to protect, and where appropriate, restore 10,000 acres of habitat by no later than the end of the First Increment. To date, the Program has acquired an interest in approximately 9,150 acres of land for habitat purposes, leaving approximately 850 acres left to acquire by the end of the First Increment.

The Program will implement water projects under the Water Action Plan capable of providing at least an average of 50,000 AF per year of shortage reduction to target flows, or for other Program purposes, by no later than the end of the First Increment. The Program, through an agreement with the State of Wyoming, has acquired 4,800 AF of water per year from the Wyoming Account in Pathfinder Reservoir through the remainder of the First Increment; however, the Program and the State are still in the process of determining the final yield of the 4,800 AF for the benefit of the target species at the associated habitat. The Program is also currently negotiating a water service agreement with the State of Nebraska (Nebraska) and the Central Nebraska Public Power & Irrigation District (CNPPID) to acquire water from the proposed J-2 Project. The J-2 Project, if constructed, could have the ability to retine approximately 40,000 AF of excess flows for the benefit of the target species. Under the proposed agreement, the 40,000 AF would be shared 25 percent (approximately 10,000 AF) for Nebraska and 75 percent (approximately 30,000 AF) for the Program. This agreement is a vital aspect of achieving the Program's Milestone of providing at least an average of 50,000 AF per year of shortage reduction to target flows.

The Program continues to be successful, and many of the Program's Milestones have been achieved. The implementation of the Program and the achievement of the Milestones provides measures to help recover the four target species, which in turn provides critical Endangered Species Act (ESA) compliance for the continued operation of existing water projects in the Platte River Basin. The Program also provides ESA compliance for the development of certain new water projects within the Platte River Basin.

Due to the amount of land that the Program has acquired an interest in, it is very likely that the Program will achieve the Land Milestone of 10,000 acres by the end

of the First Increment. The one remaining major Program Milestone to be achieved by the end of the First Increment is developing water projects capable of providing at least an average of 50,000 AF per year of annual shortage reduction to target flows. Significant funding from DOI will need to be contributed to the Program over the remaining years of the First Increment for the development of these water projects, including the aforementioned water service agreement with Nebraska and CNPPID. Adequate funding in the future for this project and other water projects will be critical in order to achieve the Program's Water Milestone by the end of the First Increment.

Question. I am regularly reminded by Nebraska constituents that additional wind power development will require new investments in the transmission system along with more efficient and flexible operation of the grid. I would appreciate your thoughts on ways the Federal Government may assist in expanding and improving the transmission system.

Answer. Transmission remains one of the largest barriers to the development of renewable energy potential in this country. This administration is taking steps to improve coordination and streamline processing of Federal permits through inter-agency agreements to expedite and simplify permitting on Federal lands. In addition, in 2009, the Bureau of Land Management (BLM), the United States Forest Service (USFS), the Department of Defense, and the Department of Energy issued a final Programmatic Environmental Impact Statement that evaluated issues associated with the designation of energy corridors on Federal lands in 11 Western States. Using this information, the BLM designated transmission corridors on BLM lands by amending 92 land-use plans in the Western States. Designation of corridors provides preferred locations for developers to site major linear facilities (such as transmission lines) and specifically identifies lands that are available for that purpose.

BLM will continue to actively coordinate with the Western Electricity Coordinating Council to ensure their transmission planning and grid reliability initiatives are in harmony with BLM initiatives related to land-use planning, designation of utility corridors, policy development, and timely review and permitting of high-voltage transmission lines.

BLM's 2009 transmission corridor designations were limited to BLM-managed lands. BLM manages only 6,354 acres in Nebraska so it was not practical to designate any corridors in that State.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. I see that inspection fees for offshore oil and gas facilities are being increased from \$62 to \$65 million. Will this money be used to provide more personnel for inspections, in order to relieve delays? If it is not being used to alleviate delays, what will this increased fee be directed toward?

Answer. The amount of individual inspection fees has not changed. The \$3 million increase in inspection fee collections is the result of differences in assumptions about the timing of fee collections, not an increase in the fees themselves. In fiscal year 2012, inspection fees were assessed for the inspection of drilling rigs for the first time. The revenue from monthly drilling rig inspections that occur in the last quarter of the fiscal year may not be received until the following fiscal year. In fiscal year 2013, actual receipts will include fees from inspections in the final quarter of fiscal year 2012 and the Bureau will therefore receive a full year of inspection fee revenue. It is also important to remember that these are estimates and that actual fee collections will vary depending on changes in the number of applicable Outer Continental Shelf (OCS) operations in a given year. All fee revenue will be used to address important mission-related priorities. As required by the Consolidated Appropriations Act of 2012, not less than 50 percent of the inspection fees collected by the bureau will be used to fund personnel and mission-related costs to expand capacity and expedite the orderly development, subject to environmental safeguards, of the OCS pursuant to the Outer Continental Shelf Lands Act, including the review of applications for permits to drill.

Question. With industry still struggling with slow permitting and delays in the permit submission process, and in light of the President's stated desire to increase domestic production, what efforts are you making to fix the problems with the permit process?

Answer. Respectfully, the Department does not agree that the industry is struggling with slow permitting and delays in the permit submission process. As of May 4, 2012, the Bureau of Safety and Environmental Enforcement (BSEE) approved 128

new shallow water permits, 412 deepwater permits requiring subsea containment, and 66 deepwater permits not requiring subsea containment.

BSEE has worked very hard to help industry better understand the permitting requirements and improve the efficiency of the application process. Among the steps taken to improve the process, BSEE has:

- Held permit processing workshops for industry, including one in April 2012, which has improved the quality and thoroughness of applications;
- Published a permit application completeness checklist to make it clear to industry what information is required, and to reduce the frequency with which operators submit incomplete applications;
- Established priorities for reviewing permit applications—assigning the highest priority to permits for ongoing operations or emergency operations;
- Begun to balance workloads for its engineers by taking some permit applications and reassigning them to different districts;
- Allowed authorized users of BSEE's online permit application system to track the status of their applications, which provides operators with greater transparency in the permitting process.

As a result of these steps and the industry's increasing familiarity with the process, permit review times have decreased significantly in the past year.

Question. In light of the fact that production on public lands and waters have decreased and with Federal OCS production dropping 441 million barrels in 2011, down from 588 million in 2010. What is being done to increase the speed at which permits are reviewed and approved? Would it be wiser to direct more of the money allocated to Bureau of Energy Management (BOEM) and BSEE to hire more staff to review permit applications?

Answer. With respect to production from the Federal OCS, the data you reference is incomplete. Production data is not required to be submitted by operators until 45 days after the end of the month of production, so the spreadsheet on BSEE's Web site presenting production figures as of January 25, 2012, is missing nearly all the production from December 2011. Furthermore, production is not included in that spreadsheet until after the reported production volumes are verified, which can take several months. The final production numbers for 2011 will be substantially higher than the values you reference.

BSEE intends to hire significantly more personnel with the funding provided by the Congress in fiscal year 2012, including a significant number dedicated to reviewing permits. The hiring and training process takes time, and it will be several years before engineers hired this year are fully trained to evaluate the breadth of issues required as part of the full permitting process. However, BSEE is committed to continuously monitoring and improving its permitting process, while conducting thorough reviews to ensure that all safety requirements are met. In the meantime, as indicated by the permit information available on BSEE's Web site, the Bureau is successfully reviewing permit applications and doing so in a timely fashion.

Question. I see that a fee of \$4 per acre is being proposed on nonproducing, but leased, Federal lands. I am curious why this fee is being proposed, when it would appear that the greatest impediment to production on these lands is the slow pace of permitting. What was the rationale behind this fee?

Answer. The administration believes this legislative proposal will encourage energy production on lands and waters leased for development. A \$4 per-acre fee on nonproducing Federal leases would provide a financial incentive for oil and gas companies to either get their leases into production or relinquish them so that the tracts can be leased to and developed by new parties. The proposed \$4 per-acre fee would apply to all new leases and would be adjusted for inflation annually. In October 2008, the Government Accountability Office (GAO) issued a report critical of past efforts by the Department of the Interior to ensure that companies diligently develop their Federal leases. This proposal is similar to other nonproducing fee proposals considered by the Congress in the last several years and this fee is projected to generate revenues to the U.S. Treasury of \$13 million in 2013 and \$783 million over 10 years.

WILD HORSES

Question. Mr. Secretary, since passage of the Wild Free-Roaming Horse and Burro Act of 1971, more than 20 million acres of wild horse habitat has been removed from Herd Management Areas. At least 5 million of those acres could be suitable for reintroduction of wild horses. When the Bureau of Land Management (BLM) is spending more than \$40 million per year on wild horse and burro holding costs and continues to remove almost twice as many animals as it can reasonably

adopt each year, why hasn't the BLM re-evaluated those 20 million acres and seriously considered reintroducing horses and burros to those areas?

Answer. No specific amount of acreage was set aside for the exclusive use of wild horses and burros under the 1971 Wild Free-Roaming Horses and Burros Act. The Act directed the BLM to determine the areas where horses and burros were found roaming, and then to consider managing the animals within the boundaries of those areas. Of the 22.2 million acres no longer managed for wild horse and burro use, 6.7 million acres were never under BLM management. There are a number of reasons why the BLM has not considered reintroducing wild horses and burros to the remaining acres. These reasons include:

- 48.6 percent (7,522,100 acres) are intermingled (“checkerboard”) land ownerships or areas where water was not owned or controlled by the BLM, which made management of wild horses infeasible;
- 13.5 percent (2,091,709 acres) are lands transferred out of the BLM’s ownership to other agencies, both Federal and State, through legislation or exchange;
- 10.6 percent (1,645,758 acres) are lands where there were substantial conflicts with other resource values;
- 9.7 percent (1,512,179 acres) are lands removed from wild horse and burro use through court decisions, urban expansion, highway fencing (causing habitat fragmentation), and land withdrawals;
- 9.6 percent (1,485,068 acres) are lands where no BLM animals were present at the time of the passage of the 1971 Act or places where all animals were claimed as private property. (These lands should not have been designated as lands where herds were found roaming and will be removed from the totals in future land use plans.); and
- 8 percent (1,240,894 acres) are lands where a critical habitat component (such as winter range) was missing, making the land unsuitable for wild horse and burro use, or areas that had too few animals to allow for effective management.

Question. Equine geneticists have concluded that a minimum wild horse herd size to sustain genetic viability is 150–200 adult animals. Most wild horse herds are less than this minimum level. The BLM budget request includes an additional \$2 million with your stated goal of maintaining herd health. Can you provide more information about how BLM intends to address herd health and viability considering herd populations are lower than recommended by experts?

Answer. The proposed number of animals (150–200) in a genetically viable wild horse herd is a size that is estimated by some to minimize genetic loss. Genetic diversity is lost through time in any isolated population of animals, but is slower in larger populations.

Although some of the herds on BLM lands are smaller than this recommended size, there are other factors that make these herds genetically viable. Herds that are associated with or border other herds experience the exchange of genetic material. Many BLM herds fall into this category. A small amount of exchange (through a few individuals) can have a large impact on overall genetic diversity. The exchange of individuals through management intervention is also possible should the need arise.

During gather operations, the BLM frequently collects hair samples from individuals in a herd for genetic testing. The geneticist who does the testing provides BLM with a report evaluating the level of genetic diversity and recommending actions that BLM should take, if any, including when additional genetic monitoring should be conducted. For instance, should a herd genetics report indicate low genetic diversity, the BLM can adjust the herd composition by removing and relocating some of the brothers and/or sisters (genetic redundancy likely to cause genetic malformities) to keep them from breeding. Depending on herd population size relevant to appropriate management level within the herd management area, the BLM may also bring in horses with other genetics from similar herds.

QUESTIONS SUBMITTED BY SENATOR LAMAR ALEXANDER

U.S. FISH AND WILDLIFE SERVICE—BACKGROUND

Question. The Minnesota Public Utilities Commission recently denied plans for a 48 turbine wind farm because of concerns about the impact on birds, bats, and bald eagles. According to the American Bird Conservancy, this project was the first ever wind farm project to apply to the U.S. Fish and Wildlife Service (FWS) for a “taking” permit for bald eagles. Thankfully, there is growing awareness that wind turbines kill not just migratory birds and bats, but also bald eagles.

If the Department moves forward with plans to allow construction of wind farms on public land, how do you plan to address this problem?

Answer. FWS has promulgated a regulation at 50 CFR 22.26 (the Eagle Take Regulation) under the Bald and Golden Eagle Protection Act that authorizes issuance of programmatic eagle take permits to unintentionally take golden eagles, bald eagles, or both, at sites such as wind facilities. However, the permits will be issued only if FWS determines that any take is compatible with the preservation standard for eagles set in the Act by Congress.

FWS established an approach to ensure that permitted take meets the preservation standard in our National Environmental Policy Act (NEPA) analysis for the Eagle Take Rule. Further, FWS has developed Eagle Conservation Plan Guidance that provides recommendations for wind developers on how to reduce impacts to eagles by using robust survey techniques to select project sites, establishing appropriate monitoring of eagle use areas, employing adaptive management measures, and if necessary, offsetting impacts to eagles through compensatory mitigation. FWS believes that using the Guidance and working with the Service will reduce likely eagle take by wind energy projects to levels compatible with the preservation standard for eagles set in the Act by Congress.

Additionally, FWS is developing training on how to evaluate wind projects in light of FWS guidance and regulations. The training will initially be targeted at Service staff, but the FWS plans to expand the training and make it available to industry in the near future. The draft training outline was provided to private stakeholders for comment in an effort to ensure it will meet industry's needs.

Question. Will wind farm projects be expected to apply for a permit to kill bald eagles?

Answer. Take of a bald eagle or a golden eagle without a permit is a violation of the Act. FWS's Guidance relative to Eagle Take Permits applies to both species. The Guidance encourages a wind project developer at a site at which take of bald eagles is predicted to seek an Eagle Take Permit.

Question. Will wind farm projects be required to submit mitigation plans to make up for the killing of bald eagles?

Answer. Any wind energy facility that receives a permit from FWS will be required to work through the mitigation hierarchy as defined under the FWS's Mitigation Policy. Avoidance and minimization are the essential components of the Mitigation Policy, while compensatory mitigation may be appropriate if avoidance and minimization cannot reduce take to acceptable levels. In order to qualify for a permit, the new regulations require applicants to demonstrate that they have avoided and minimized take of eagles to the maximum degree achievable. In many areas of the country, FWS has determined that some take of bald eagles can be authorized without risk of violating the preservation standard set by the Congress. In these locations, additional compensatory mitigation for take is not mandatory, but in other locations compensatory mitigation may be required to qualify for an eagle take permit.

Question. What about other species that might be endangered or threatened?

Answer. Section 9 of the Endangered Species Act prohibits the take (which includes killing) of endangered wildlife and that prohibition is generally extended by regulation to threatened wildlife. Wind farm projects that are expected to take listed wildlife species would therefore need to receive an authorization to take listed species. Information regarding these procedures may be found in Appendix 5 "Procedures for Endangered Species Evaluations and Consultations" in the 2003 "Service Interim Guidance on Avoiding and Minimizing Wildlife Impacts from Wind Turbines."

Additional information regarding Consultations and Habitat Conservation Plans may be accessed at <http://www.fws.gov/endangered/what-we-do/consultations-overview.html> and <http://www.fws.gov/endangered/what-we-do/hcp-overview.html> respectively.

U.S. FISH AND WILDLIFE SERVICE—BACKGROUND

Question. Tennessee is home to two very important mitigation fish hatcheries, the Erwin National Fish Hatchery in Erwin, Tennessee and the Dale Hollow National Fish Hatchery in Celina, Tennessee. The Erwin hatchery provides eggs for hatcheries all across the country, and the Dale Hollow hatchery produces 60 percent of all the trout stocked in Tennessee.

The Department's fiscal year 2013 budget request proposes to cut \$3.2 million from the mitigation hatcheries, and Ed Carter, director of the Tennessee Wildlife Resources Agency, has said that if these hatcheries close the impact on Tennessee will be devastating.

Will the Department work with the Corps of Engineers (COE) and other Federal agencies to continue to fund mitigation hatcheries and ensure that these critical hatcheries will not be closed until a funding solution is in place?

Has the Department considered the economic benefits of maintaining the fish hatcheries?

Answer. FWS's mission-driven priority is to protect and restore native fish species and habitat. At a time when budgets are tight and available resources limited, we need to focus our resources on these high-priority outcomes. The President's fiscal year 2013 budget proposal would move nonreimbursed mitigation activities toward a user-pay system, similar to the President's fiscal year 2012 budget proposal. This approach puts all of the mitigation hatcheries on the same footing, and represents a more efficient use of Federal funds. Federal water development agencies are the appropriate entities for mitigating the adverse effects of the projects they operate and the impact of those projects on recreational fisheries. The Department is aware of the significant economic benefits of fish hatcheries and will continue to work with COE, the Tennessee Valley Authority and other Federal agencies to receive full reimbursement for mitigation activities. We understand that the fish supplied by these hatcheries provide important economic opportunities to States and recreational community, and we support the continuation of mitigation work. Our goal is to keep our mitigation fish hatcheries open, and to continue to provide fish as we have in the past in the most efficient and effective way possible. However, the Service's policy is to move toward a user-pay system.

U.S. GEOLOGICAL SURVEY—DISASTER PREPAREDNESS—BACKGROUND

Question. Tennessee experienced record flooding in Nashville and middle Tennessee in May 2010 and in Memphis and west Tennessee in 2011. The U.S. Geological Survey (USGS) played a critical role in these flooding events, and it is welcome news that the Department is requesting increased funding for USGS to prepare for future disasters.

USGS has doubled the number of monitoring stations in the Nashville area, and is working closely with local government and other Federal agencies to ensure the right information gets to emergency managers as quickly as possible. Other communities in Tennessee, including Chattanooga and Memphis, hope to work with USGS to improve their flood management as well.

Question. Could you tell us how the Department plans to use the additional funds?

Answer. The fiscal year 2013 proposed budget for the National Streamflow Information Program (NSIP) provides funds to be invested in activities that will help protect life and property from hydrologic hazards, including flooding. These activities include developing and producing streamgages that can be rapidly, but temporarily, deployed to locations that are currently or forecast to be in flood or drought conditions to provide streamflow information over a broader area. This information would be used by forecasters, flood-management agencies, and first responders, who must make decisions regarding flood-fighting and evacuation, and would provide a better understanding of hydrologic extremes. The fiscal year 2013 proposed budget also provides for activities related to producing flood inundation maps. These maps show the extent and depth of flood waters for streams at USGS streamgages that serve as National Weather Service flood-forecast locations. The maps will assist home owners, business owners, and first responders to anticipate and respond to flooding. Since the recent flooding in the Nashville area, the USGS has been involved in a cooperatively funded pilot project that developed more than 1,000 flood inundation maps for that community.

Question. Will funds be available for additional monitoring stations?

Answer. The proposed NSIP budget for 2013 provides funds for ecosystem restoration activities in the upper Mississippi and Columbia River basins that likely will include providing streamflow information for use in the design and implementation of techniques and processes to restore ecosystems to more natural conditions.

In addition to these activities the 2013 request includes funding for the operation and maintenance of about 100 streamgages, which are part of the Federal backbone needed for flood forecasting. Many streamgages are currently funded through the Cooperative Water Program (CWP). Reductions in the budget of the CWP could lead to a net loss of 270 to 300 streamgages nationwide. Proposed funding increases in the budget for NSIP will help to bring more stable funding to those 100 streamgages.

Question. What steps will the Department be taking to address earthquake hazards along the New Madrid fault, which impacts Memphis and west Tennessee?

Answer. USGS supports a seismographic network in the New Madrid seismic zone in cooperation with the University of Memphis and Saint Louis University. The location, depth, time, and felt area of all earthquakes in the region above approximately magnitude 1.7 are automatically posted to a public USGS Web site in near real time. The USGS National Seismic Hazard Maps depict the regional elevated hazard in the region. More detailed earthquake hazard maps are currently available for the urban areas of Memphis, Tennessee, and Evansville, Indiana and a map of the St. Louis metropolitan area is nearing completion. These maps show the amplification of seismic shaking caused by local geologic deposits. Data from a network of geodetic stations supported by the USGS shows that there is small but significant slow ground deformation in the region capable of producing damaging earthquakes.

OIL AND GAS LEASE REVENUES—BACKGROUND

Question. In 2011, the Department generated \$11.3 billion from energy production on Federal lands—a \$2 billion increase more than 2010. Since 2008 oil production from the Outer Continental Shelf has increased by 30 percent. Despite this progress, gas prices are on the rise and domestic production is not keeping up.

What steps are being taken to expand oil and gas leases on public land?

What impact will the Department's proposal to impose new inspection fees and raise other collection fees have on oil and gas production?

Answer. Facilitating the efficient, responsible development of domestic oil and gas resources is part of the administration's broad energy strategy that will protect consumers and help reduce our dependence on foreign oil. The Bureau of Land Management (BLM) is working on a variety of fronts to ensure that development is done efficiently and responsibly including implementing leasing reforms; increasing leasing opportunities in the National Petroleum Reserve in Alaska (NPR-A); adopting new processes to process drilling permits more quickly; and improving inspection, enforcement, and production accountability. BLM can only speculate as to why the operators have not produced more on Federal Lands. Oil and gas drilling and development are market-driven activities, and the demand for leases is a function of market conditions. Market drivers include prevailing and anticipated oil and gas prices, bidder assessments of the quality of the resource base in a given area, the availability/proximity of necessary infrastructure, and the proximity of the lease to local, regional, and national markets and export hubs. The shale formations that currently have high industry interest for development, such as North Dakota's Bakken shale, Texas's Eagle Ford shale, and the Marcellus and Utica shales of the Eastern United States, are primarily in areas with a high proportion of non-Federal land. These areas have seen increased development recently due to a favorable mix of the factors noted above. As drilling priorities shift due to changes in technology or markets, an operator may choose different areas for development. Further, BLM lands are primarily gas-prone. Recent national rig counts (by Baker Hughes) indicate that rigs drilling for gas are at an "all-time low" (by percentage) and the gas is selling at "a record discount to crude." (Wall Street Journal, May 4, 2012).

Approximately 38 million acres of Federal land are leased for oil and gas development. Not all leases have equal production potential, and not all leases have optimal transmission capacity where the oil or gas is being extracted. Approximately 12 million acres are producing oil and gas, and active exploration is occurring on an additional 4 million acres. We are encouraged by increasing production on Federal leases. BLM, specifically, has approved approximately 7,000 applications for permit to drill that are not being used by industry.

The proposed new inspection and enforcement fee is consistent with the principle that users of the public lands should pay for the cost of both authorizing and oversight activities. These fees are similar to fees now charged for offshore inspections, and to numerous cost-recovery fees charged for other uses of Federal lands and resources.

WHITE NOSE SYNDROME—BACKGROUND

Question. In May 2011, FWS unveiled a national plan to address the growing threat posed by white-nose syndrome (WNS), which has killed more than 5 million bats since it was discovered in 2006. Since then, the fungus has spread throughout the bat population and is now reported in 18 States and Canada, including Tennessee. In 2010, Austin Peay State University's Center of Excellence for Field Biology was tasked by the U.S. Forest Service (USFS) to monitor WNS at Land Between the Lakes, and the Center is currently engaged in a number of research efforts to combat this disease.

The Department has invested millions to support monitoring, research, and the development of protocols to reduce transmission. However, most of this funding has

been targeted for northeastern States where the WNS was first discovered, but funding is not making it to the States and universities in the South, where WNS is rapidly expanding.

Question. What is the Department doing to help wildlife researchers in States like Tennessee to reduce the spread of WNS?

Answer. WNS is a disease associated with massive bat mortality in the Northeastern and Mid-Atlantic United States. Affected hibernating bats often have white fungal growth on their muzzles, ears, and/or wing membranes as the result of infection by a newly described species of fungus (*Geomyces destructans*), which causes skin erosions and ulcers and can invade underlying connective tissue. There is no clear indication of any natural resistance to WNS in the affected bat populations.

Since first observed at four bat hibernacula (hibernation areas) in New York in winter 2006–2007, WNS has been detected in 16 States and four Canadian Provinces. The most recent surveys of hibernacula near the epicenter of the outbreak show that since 2007, mortality is approaching 100 percent at some sites. Six cave-hibernating bat species, including four federally listed species, are directly affected or at risk from WNS. The fungus causing WNS is responsible for the death of more than 6 million bats.

During the winter of 2011–2012, USGS conducted video-monitoring of bats in caves and mines in New York and Tennessee to test whether fungal skin infection triggers unsustainable energy-consuming behaviors during hibernation. USGS is working with USFS to conduct detailed characterizations of fungi associated with bat hibernation sites to better understand the microbial ecology of WNS.

For fiscal year 2012, USGS has allocated \$692,882 for WNS research studies. Modeling software is being developed by USGS that will help forecast the consequences of alternative actions for the persistence and recovery of bats. The USGS fiscal year 2013 budget includes a \$1 million increase that would be used to enhance surveillance and diagnostic capability to detect the continued spread of WNS; bolster research on environmental factors controlling persistence of the fungus in the environment; develop management tools, particularly the development of a vaccine; and conduct research on mechanisms by which WNS causes mortality in bats, focused on immunology and pathogenesis.

In fiscal year 2012, the Congress directed FWS to spend \$4 million from endangered species recovery funding to combat WNS. FWS has proposed to reprogram \$625,000 of this funding to other critical endangered species recovery actions, and to utilize funding from the State and Tribal Wildlife grant program and from the National Wildlife Refuge program for WNS. Under this proposal FWS will dedicate a minimum of \$4,855,000 for WNS efforts in 2012. The fiscal year 2013 FWS budget includes \$1.9 million (not including any competitive grants that may be awarded) for work on WNS, including \$995,470 to continue funding WNS coordinator positions, and \$901,530 to fund critical WNS research.

WNS continues to spread and is projected to appear in the highly dense and diverse bat populations in additional Southern and Midwestern States in the very near future. Predictions for spread to western States and the affect of WNS on bats there is less certain.

NATIONAL PARK SERVICE—MAINTENANCE BACKLOG—BACKGROUND

Question. The National Park Service (NPS) budget request for fiscal year 2013 is \$2.6 billion, \$1 million less than the fiscal year 2012 enacted level. Within this amount, the Department seeks to increase park operations funding by \$13.5 million, but proposes to reduce line item construction funding by \$25.3 million and funding for National Heritage Areas program by \$7.8 million.

Question. National parks are already underfunded by \$600 million each year. What progress is being made to address this issue?

Answer. NPS does not quantify shortfalls in park operations. Funding for the main operating account of the NPS has stayed fairly level in nominal dollars since 2010, but there have been unavoidable cost increases in recent years due to inflation, rise in nonpersonnel fixed costs, and the added responsibility for five new parks. NPS is focusing funding on programs that are most central to the NPS mission, implementing management efficiencies, and undertaking administrative cost savings to optimize the use of appropriated dollars.

Question. What is being done to address the deferred maintenance backlog and how long can we continue to ignore the problems facing our national parks?

Answer. The current backlog of deferred maintenance (DM) associated with NPS constructed asset components considered critical to their function, such as roofs, foundations, road surfaces, etc., is approximately \$4.1 billion. The fiscal year 2013 budget request maintains funding for operational DM at fiscal year 2012 levels. The

request includes \$71 million for the highest-priority DM repair and rehabilitation projects and \$96.4 million to prevent additions to the DM backlog through cyclic maintenance projects. The line-item construction proposal funds the highest-priority construction projects to address critical life safety, resource protection, and emergency needs and does not add any new assets to the NPS asset portfolio. These projects address long-standing DM needs.

FEDERAL INTERAGENCY COUNCIL ON OUTDOOR RECREATION—BACKGROUND

Question. According to Tennessee’s Commissioner of Tourism, Susan Whitaker, tourism has a \$13 billion impact on Tennessee. Tourism supports a lot of jobs in Tennessee, and since the Great Smoky Mountains National Park is our Nation’s most visited national park, the new Federal Interagency Council on Outdoor Recreation is welcome news.

It is very encouraging to see the Department of the Interior working with the Departments of Commerce and Agriculture to boost tourism and outdoor recreation, but one of the biggest challenges our international visitors face is getting a visa. If it takes months to get a visa to come to the United States and only 1 week to get a visa to go somewhere else, people will go somewhere else.

Is the Department working with the State Department to decrease the amount of time international visitors have to wait before they can come visit our national parks?

Answer. In the same Executive order that established the Task Force on Travel and Competitiveness (which is co-chaired by the Secretary of the Interior and the Secretary of Commerce), the President directed the Department of State in conjunction with other agencies and White House offices to take actions to enhance and expedite travel to and arrival in the United States by foreign nationals, consistent with national security requirements.

The Visa Waiver Program (VWP) is the flagship of our national tourism strategy. More than 60 percent of all travelers to the United States come under the VWP, generating more than \$60 billion in annual tourism revenue and representing about 60 percent of all tourism-related expenditures in the United States from overseas travelers. While VWP remains the largest travel facilitation program, the Obama administration is also committed to easing travel for the approximately 35 percent of international travelers who currently require visas and border crossing cards to enter the United States. Building on the progress made over the past several years and in response to the President’s Executive order, the Obama administration is facilitating legitimate travel to America while maintaining security by:

Tracking the Increasing Arrivals.—The Department of Homeland Security continues to monitor the number of arriving travelers. Comparing the first 6 months of fiscal year 2012 to fiscal year 2011, arrivals of travelers using VWP have increased by 8 percent and arrivals of travelers from China and Brazil have increased by 33 percent and 18 percent, respectively. Total nonimmigrant admissions, travelers not including U.S. citizens and returning residents, have increased by 4.5 percent.

Shortening Visa Interview Wait Times.—Around the world, wait times for visa interviews are generally short, and have dropped dramatically in some of the busiest travel markets where demand for visas has increased. Now, travelers wait just 2 days for an appointment at United States consulates in China, 2 weeks or less in Brasilia, Recife, and Rio de Janeiro, and 35 days or less in São Paulo. In anticipation of the summer travel season, the Department of State is adding staff and streamlining its operations to continue to reduce wait times.

Streamlining the Visa Process.—Tens of thousands of travelers want to visit the United States, and a new pilot program is now underway to streamline processing will help facilitate the demand by freeing up more interview slots for first-time applicants. Consular officers may waive in-person interviews for certain low-risk, qualified individuals, such as those renewing their visas within 48 months of the expiration of their previous visas. Consular officers may also waive interviews for Brazilian applicants younger than the age of 16 and age 66 and older, but retain the authority to interview any applicant in any category if security or other concerns are present.

Building Capacity in China and Brazil To Meet Demand.—The Department of State is doubling the number of diplomats performing consular work in China and Brazil over the next year and is investing approximately \$40 million in 2012 on existing facilities in Brazil and \$18 million in China—adding interview windows, expanding consular office space, and improving waiting areas. On April 9, President Obama announced that the United States will establish con-

sulates in Belo Horizonte and Porto Alegre, Brazil, while major expansion projects are underway in China.

Increasing Consular Staffing and Implementing Innovative Hiring Programs.—To address immediate growth in demand, the Department of State is sending consular officers from all over the world to Brazil and China to adjudicate visa applications. The Department of State is doubling the number of diplomats performing consular work in China and Brazil over the next year, to ensure that the United States can continue to offer timely visa services to qualified applicants. Similarly, the first group of newly hired consular adjudicators recently arrived at United States consulates in Brazil and China. These adjudicators were hired under a landmark program targeting recruits who already speak Portuguese or Mandarin.

Additionally, Interior agencies have made it easier for more partners to become third-party vendors of the “America the Beautiful” \$80 pass which provides visitor access, including international visitors, to hundreds of public lands destinations nationwide. They are actively reaching out and encouraging partners to both sell the pass online, at trade shows, and in other tourism venues as well as to develop promotions for buying and using the pass. The goal is to increase sales to both Americans and international visitors, who will then have an incentive to visit more destinations and lesser known locations, and to extend their stays.

Question. How has COE worked with the Department to support the outdoor recreation initiatives promoted by the interagency council?

Answer. Through the America’s Great Outdoors Initiative, seven agencies were identified for inclusion in the Federal Interagency Council on Outdoor Recreation including:

- COE;
- National Oceanic and Atmospheric Administration (Commerce);
- USFS (Agriculture);
- NPS;
- FWS;
- Bureau of Reclamation; and
- BLM (Interior) to coordinate Federal land and water recreation management efforts.

The Federal Interagency Council on Outdoor Recreation (FICOR) has worked closely with existing Federal Advisory Committee Act bodies that support recreational activities, including the Wildlife and Hunting Heritage Conservation Council, the 21st Century Conservation Service Corps Committee, the Sport Fishing and Boating Partnership Council, the First Lady’s Let’s Move! Initiative, and the President’s Council on Fitness, Sports, and Nutrition to promote better integration and coordination among the Federal agencies in support of providing outdoor recreation opportunities for Americans. FICOR has identified two high-priority actions, including support for the National Travel and Tourism Strategy to promote domestic and international tourism on Federal lands and waters, and enhancements to the Federal Interagency Recreation Web site—recreation.gov.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. States have complained that the length of the Coastal Impact Assistance Program (CIAP) grant approval process is too long and cumbersome. For years I have relayed the frustration Mississippi coastal communities have experienced with this program. Last year, the administration transferred management to the Fish and Wildlife Service (FWS) stating that this would lead to a more efficient process and expeditious delivery of funds. Can you please provide details on the progress being made in addressing these concerns?

Answer. To address these concerns, FWS began meeting with all of the affected States starting in May 2011, to discuss the issues and develop a transition plan to minimize the impact on States and Coastal Political Subdivision (CPS) operations. As a result of these discussions, on October 1, 2011, FWS began to encourage submission of CIAP applications and the obligation of funds. We centralized the grant administration into the Washington office and hired and trained a professional grants management team to review and award grants. Additionally, we have added a technical guidance function in each of the States to provide a State liaison to work closely with the recipients of CIAP funds. Five of the six States presently have a State liaison, with the sixth in the process of being hired. The State liaisons in the four gulf States are co-located with State staffs. In California and Alaska, the liaisons are located in local FWS offices in Sacramento and Anchorage, respectively, to encourage communication and expeditious handling of technical questions on plan-

ning and proposed project issues. The Washington office staff is responsible for the technical review, including programmatic and financial aspects that are integral to the grant award process. The State liaisons are working with the recipients in the pre-award phase to guide the planning process, develop project proposals and to help improve the quality of initial grant application submissions to alleviate the time consuming process of supplemental information requests during review.

In addition, we have held a national webinar and two national teleconferences with CIAP applicants. We have completed a CIAP training session in Alaska and are in the process of scheduling training workshops for States and CPSs for better CIAP grants management. We expect to hold these workshops April through August 2012 in the eligible States.

Question. It is my understanding that the Department of the Interior has changed the definition of "obligated funds" under CIAP. Why?

Answer. The Department has not changed the definition of obligated funds.

Question. The administration has been quick to highlight increased levels of domestic oil and gas production. How much of this is attributed to production increases on State and private lands as opposed to Federal lands?

Answer. The Department of the Interior does not administer oil and gas from State and private lands. However, as reported by the U.S. Energy Information Administration in its March 2012 report "Sales of Fossil Fuels Produced from Federal and Indian Lands, Fiscal Year 2003 Through Fiscal Year 2011", production of oil from onshore Federal lands in fiscal year 2011 was 112 million barrels, an increase more than the 108 million barrels produced in fiscal year 2010. Natural gas production from Federal lands in fiscal year 2011 was 2,955 billion cubic feet, nearly level with the 3,068 billion cubic feet produced in fiscal year 2010. Average oil production from Federal lands from fiscal year 2005 through fiscal year 2008 was 103 million barrels. Average oil production increased from fiscal year 2009 through fiscal year 2011 to 108 million barrels. Average gas production from Federal lands from fiscal year 2005 through fiscal year 2008 was 2,892 billion cubic feet. Average gas production, too, increased from fiscal year 2009 through fiscal year 2011 to 3,064 billion cubic feet.

Question. The President has called for an "all-of-the-above" approach to addressing our Nation's energy challenges, and while I have always supported energy diversification, it seems to me that this budget and the proposed offshore oil and gas leasing plan for 2012 to 2017 does not reflect that. Can you speak to what the Department is doing to explore and develop new energy resources, in the Gulf of Mexico specifically, that could lower gas prices and strengthen our energy security?

Answer. When President Obama took office, the United States imported 11 million barrels of oil a day. The President has put forward a plan to cut that by one-third by 2025. The administration is taking a series of steps to execute the Blueprint for a Secure Energy Future, a broad effort to protect consumers by producing more oil and gas at home and reducing our dependence on conventional energy resources by using cleaner, alternative fuels and improving our energy efficiency. The Blueprint is a plan that calls for an "all-of-the-above" approach. The administration is moving ahead with a comprehensive energy plan for the country that is enhancing our energy security, creating jobs, and improving protections for the environment. In 2011, American oil production reached its highest level since 2003, and total U.S. natural gas production reached an all-time high.

The Department of the Interior plays an important role in advancing domestic production. Last November, I announced a proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2012-2017 that would make areas containing more than 75 percent of undiscovered technically recoverable oil and gas resources estimated in Federal offshore areas available for exploration and development. The proposed program focuses on six offshore areas where there are currently active leases and/or exploration, and where there is known or anticipated hydrocarbon potential. Three of the six areas are in the Gulf of Mexico, which is and will remain one of the cornerstones of America's energy portfolio and is central to our country's energy security. The gulf, in particular the deepwater areas, already has several world class producing basins and there have been a number of significant new discoveries in the last year. We estimate that the Central Gulf of Mexico holds more than 30 billion barrels of oil and 133.9 trillion cubic feet of natural gas yet to be discovered. This is nearly double the estimated technically recoverable resource potential of the Chukchi Sea. The Western Gulf of Mexico is just behind the Chukchi with more than 12 billion barrels of technically recoverable oil and nearly 70 trillion cubic feet of technically recoverable natural gas.

We have been providing incentives to spur efficient oil and gas development where possible using administrative action. Offshore, existing authorities make it possible to shorten the base term of leases, where appropriate, and reward diligent

development efforts with lease extensions, providing industry with an incentive to develop its existing leases. The proposed 2012–2017 lease sales in the Gulf of Mexico consider offering all the unleased available acreage, including the small portion of the Eastern Gulf of Mexico planning area that is not under congressional moratorium pursuant to the Gulf of Mexico Energy Security Act of 2006.

Moving ahead with the “all-of-the-above” strategy will reduce dependence on foreign oil, thereby enhancing energy security and helping us as we transition to a cleaner energy future. However, it will not have a direct impact on the price of gasoline, which is overwhelmingly dictated by the global price of crude oil. There are other actions that the administration has taken that can have longer-term impacts on the demand for gasoline, which is why the President set an ambitious goal that by 2015 we would have 1 million electric vehicles on the road, becoming the world’s leader in advance vehicle technologies. To help reach this goal, the President is proposing bold steps to improve the efficiency of all modes of transportation and to develop alternative fuels. The administration continues to push forward on fuel economy standards for cars and trucks. The President has proposed to speed the adoption of electric vehicles with new, more effective tax credits for consumers and support for communities that create an environment for widespread adoption of these advanced vehicles in the near term. These actions are already helping to lower transportation costs by reducing dependence on oil, provide more transportation choices to the American people, and revitalize the U.S. manufacturing sector.

Question. I am curious to know if the Historic Preservation Fund contains any public-private partnership opportunities to fund bricks and mortar projects, previously carried out by grants from Save America’s Treasures program?

Answer. Development (bricks and mortar) projects are an eligible activity under the National Historic Preservation Act (NHPA). State and Tribal Historic Preservation Offices may choose to use their annual Historic Preservation Fund (HPF) grants to fund development activities at National Register listed properties. Additionally, the NHPA requires that States direct 10 percent of their annual HPF allotment to Certified Local Governments (CLGs). Each State sets the parameters of the types of projects CLGs can complete with this funding, and may choose to allow CLGs to fund development projects.

Most States and tribes, however, currently use the majority of their HPF grant funds to carry out nondiscretionary activities mandated by the NHPA, including consultation with Federal agencies on the impact of Federal undertakings (section 106 compliance), survey and inventory of historic properties, listing properties in the National Register, and administering CLGs. After this work has been completed, little funding generally remains to complete development projects. Similarly, few States currently choose to include development projects as an eligible project type for CLGs subgrants, because the amount each State distributes to CLGs is small. The average CLG subgrant in fiscal year 2011 was \$2,600. The projects CLGs complete generally include survey of historic properties, National Register listings, and educational resources.

SUBCOMMITTEE RECESS

Senator REED. With that, again, thank you, and the hearing is concluded.

[Whereupon, at 11:42 a.m., Wednesday, February 29, the hearing was concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]